

## FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND JULY 3/4 1993

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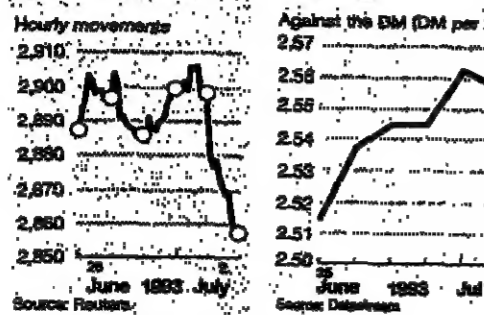
EC states in row  
over distribution  
of regional funds

The 12 European Community states are at odds over dividing up the Ecu157bn (\$180.55bn) structural aid and regional development budget for 1994-99 with individual states seeking a greater share. The larger states also attacked the Commission's right to decide how money for the Community's industrially stricken regions should be allocated. Page 23

**Gold at 2 1/2-year high** Gold's price, driven by New York investment fund activity, rose sharply to close in London at \$390 a troy ounce, its highest level for 2 1/2 years. Page 22; Markets, Page 6; Commodities, Page 10

## UK warns to Bundesbank rate cut

## FT-SE 100 index



The Bundesbank decision to cut interest rates was regarded generally as positive for the London markets. Even though the FT-SE 100 ended the week lower after trying to jump the 2,900 level in the first half, The German rate cut makes a UK reduction more possible, if not yet likely. Sentiment surrounding the D-Mark failed to improve as the German economy remains in deep recession. Currencies, Page 11; Wkd, Page 11

**Brussels ready to talk to Hanok** The European Commission said it was ready to open negotiations on a trade and co-operation pact with Vietnam, boosting the regime's campaign to end its commercial isolation. Page 2

**Manila drownings** At least 80 people drowned when several boats sank in high winds during a religious river procession near the Filipino capital Manila.

**Chrysler, US car manufacturer, is to sell its 2.73 per cent stake in Mitsubishi Motors of Japan, ending a 20-year capital link.** Page 10

**Aids cases 'total 2.5m'** World Health Organisation member-states have reported 718,884 cases of Aids. But the agency puts the total at more than 2.5m because of under-reporting.

**International Business Machines** is expected to announce another big write-off to cover further workforce cuts - which could be as high as 50,000 this year - when it reports second-quarter results later this month. Page 10

**Hafti democracy plan** General Raoul Cedras, leader of the coup that ousted President Jean-Bertrand Aristide, is understood to have agreed to a UN plan to restore democracy in Haiti.

**Swan Hunter, UK shipbuilder in receivership,** is to be allowed to complete work on three Type 23 frigates, giving the company work until November 1994. Page 4

**Japan surplus stabilising** The growth in Japan's current account surplus, which could be the target of sharp criticism from both the US and EC at next week's Tokyo summit, is running out of steam, according to official figures. Page 2

**Schlesinger cautious on Ernst Bundesbank** president Helmut Schlesinger warned against too hasty a move to European monetary union. Page 2

**Westland, UK helicopter producer,** is entitled to \$385m (\$577.5m) damages over the collapse in 1990 of an Egyptian-based helicopter project, the International Chamber of Commerce arbitration tribunal ruled.

**UN peacekeepers killed in Somalia** Three Italian UN soldiers were killed and at least 14 others and eight Somalis wounded during an attempted arms sweep in Mogadishu.

**Tennis championships** Americans Pete Sampras and Jim Courier will contest tomorrow's Wimbledon men's final after beating respectively Boris Becker and Stefan Edberg.

STOCK MARKET INDICES	
FT-SE 100	2887.7 (+31.1)
Yield	4.09
FT-SE Europe 100	1207.1 (+11.90)
FT-SE Asia	1416.83 (+0.82%)
Nikkei	19,821.46 (+303.15)
New York Composite	2,894.52 (+26.02)
Dow Jones Ind Ave	2,894.52 (+26.02)
S&P Composite	465.32 (+3.50)
US LUNCHTIME RATES	
Federal Funds	3 1/4%
3-mo T-bill Yld	3.00%
Long Bond	10.91
Yield	6.82%
LONDON MONEY	
3-mo Interbank	5 1/8% (same)
Libor 3m 6m future	Jan 107 1/2, (Jan 107 1/2)
NORTH SEA OIL (Argus)	
Brack 15-day (Aug)	\$18.78 (77.19)
Oils	
New York Crude (Aug)	\$28.7 (288.2)
London	\$28.0 (283.5)
Tokyo close Y 107.53	

STERLING	
New York lunchtime	1.598
London	1.5975 (1.5985)
DM	2.5575 (2.5625)
FF	6.5525 (6.5575)
Sfr	2.275 (2.2825)
Y	163.75 (162.1)
E index	81.1 (81.3)
DOLLAR	
New York lunchtime	1.898
DM	1.898
FF	5.735
Sfr	1.51025
Y	108.59
London	1.898 (1.899)
DM	1.898 (1.899)
FF	5.735 (5.7375)
Sfr	1.5095 (1.5135)
Y	108.75 (107.4)
E index	85.5 (85.4)

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President doubts deal to end bilateral friction with Japan can be reached in Tokyo

Clinton cautious  
on chances for  
G7 trade talks

By Jurek Martin in Washington

PRESIDENT Bill Clinton has only modest hopes that next week's summit in Tokyo of the Group of Seven leading industrial nations can achieve a critical breakthrough in the long-stalled Uruguay Round of trade talks.

He also doubts that an agreement with Japan on bilateral frictions can be reached in Tokyo, largely because of current Japanese political uncertainty. But he said the Japanese people should view their political transition with "excitement and interest" and as a positive development.

His comments came in an Oval Office interview with newspaper journalists from each of the G7 nations, of which the Financial Times was the representative from the UK. It is believed to be the first session that Mr Clinton has held exclusively with foreign correspondents since taking office in January.

In general, he was bullish about the prospects for the summit. He predicted "serious discussions" on co-ordinating macro-economic policies, trade and exploring new ways of attacking structural economic difficulties, particularly unemployment. He suggested this last category would be explored fully at a summit "for perhaps the first time". He hoped for "genuine progress" on the Uruguay Round. But

he fell short of predicting summit agreement, preferring instead to talk of "increasing the chances that we will successfully conclude GATT by the end of this year".

Anticipating that Tokyo might confine itself only to a general exhortation, he said the words in the communiqué should be seen as far less important than the "tone, atmosphere and ideas" discussed in the Japanese capital.

He was convinced that the G7 process still served a purpose.

US jobs figures below expectations Page 2

Clinton interview Page 6

"Our job is to lead. I know it is difficult to lead when you have troubles yourselves, and all of us have economic troubles. All of us to a greater and lesser extent also have political conflict within our countries."

But if the G7 played to its strengths - he cited its innovative workforces, its technological competence and its understanding of how economies worked - and if co-ordinated policies were then put in place, "I think G7 meetings can really make a difference".

Administration officials have ducked questions about any failure to make a deal push towards a Uruguay Round agreement.

But, in a briefing here this week, one senior official hinted that the US might be prepared to accept, as an interim measure, a more limited pact on market access measures.

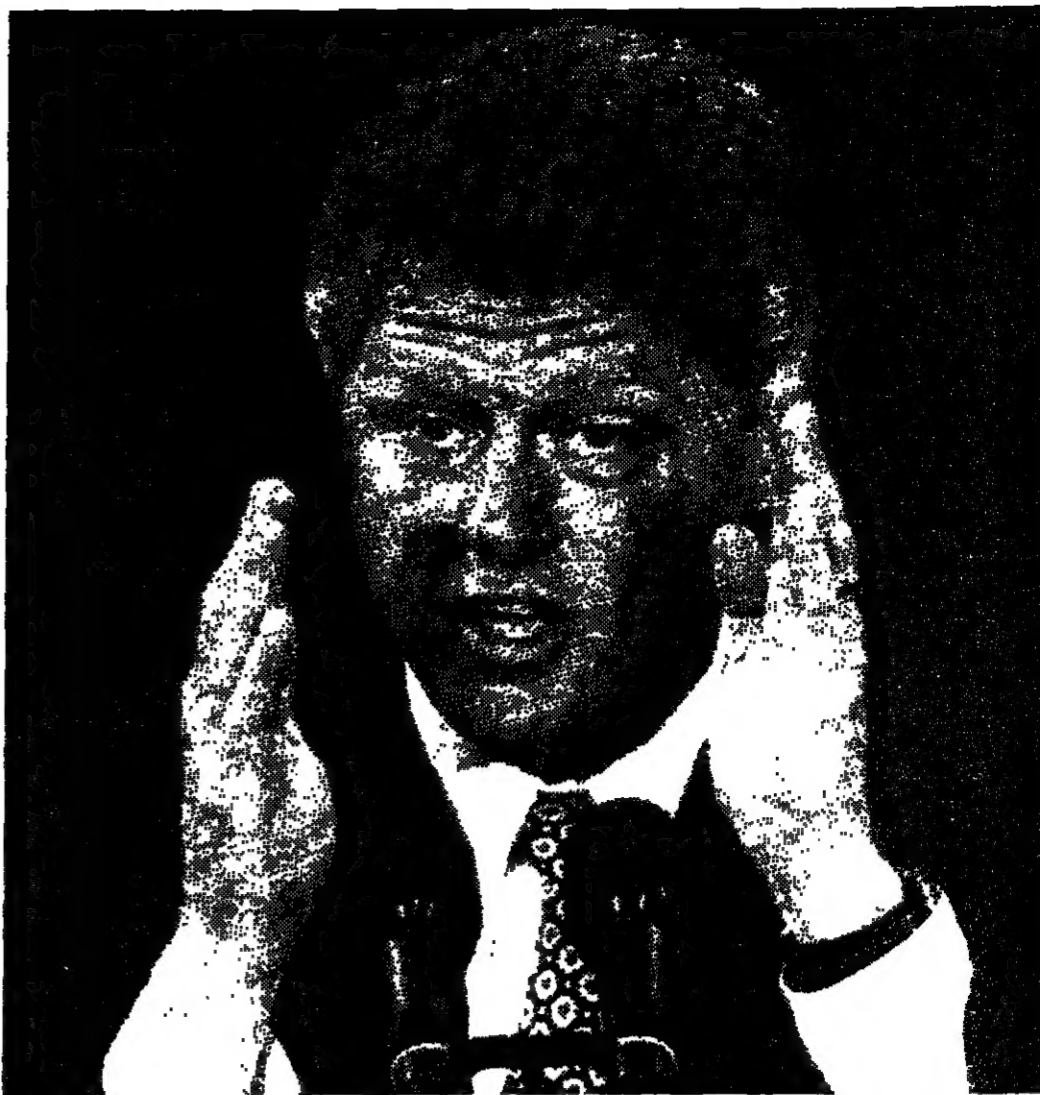
Trade ministers from the US, Japan, the European Community and Canada will continue to negotiate until the summit convenes next Wednesday.

On Japan, Mr Clinton was insistent on "some realignment in our trade relations - and I think we're going to work that out". But he stressed "the lots of other things we have in common", on both the economic and security policy fronts.

Mr Clinton emphasised examples of US economic leadership and rejected suggestions that there were doubts about the US will to lead. His \$500bn (\$333.3bn) five-year budget deficit reduction plan, now facing a final test in Congress, constituted the sort of action that other summit nations had been demanding of the US for years.

He was proud of the initiative to develop a substantial assistance package for Russia, discussion of which is also on the Tokyo agenda.

But he said, with a tacit nod to poor US unemployment figures released yesterday, that there was only so much the US could do to improve its own economy. Job creation in the US, two-thirds



President Clinton: the G7 process still served a purpose, he maintained. 'Our job is to lead,' he said

of which has stemmed recently from exports, was dependent on recoveries in Japan and Europe.

He also declined to criticise the Bundesbank for being dilatory in cutting German interest rates, saying that independent central banks should be free of external criticism. The health of the Ger-

man economy, he said, was "vital for all Americans".

The latest French complaints about US anti-dumping rulings on steel imports failed to recognise that US laws were consistent with GATT rules, he said. But if France wanted to propose stronger trade enforcement mecha-

nisms he was always ready to consider them.

Mr Clinton said disagreement with Europe over Bosnia was "the only point of contention between us", with Germany supporting the US position to arm the Muslims and France, Britain and Russia in opposition.

Scepticism  
mounts at  
Westminster  
over claims  
by MatesBy Michael Cassell  
and Andrew Jack

MR MICHAEL MATES, the former Northern Ireland minister, yesterday tried to revive his campaign for an inquiry into the Serious Fraud Office as mounting scepticism among MPs threatened to undermine his credibility at Westminster.

Mr Mates repeated his claims of possible collusion between the SFO, the Inland Revenue and the police in preparing a case against Mr Asil Nadir, the fugitive businessman. The MP called for a "quick, independent" inquiry. The whole truth, he said, had yet to come out.

His renewed allegations were again denied by Mr George Staple, director of the SFO, who said his staff had "nothing to hide".

Mr Anthony Scrivener, the barrister who acted for Mr Nadir, also demanded an inquiry into allegations of a plot to bribe the trial judge and a conspiracy to pervert the course of justice. Mr Scrivener called on Sir Nicholas Lyell, the attorney-general, to publish all his correspondence on the bribery allegations.

MPs on all sides at Westminster, most of whom are against an inquiry into the SFO, have become increasingly wary of some of Mr Mates's allegations. Doubts about the validity of the MP's defiant campaign have been fuelled further by apparent contradictions in his account of events over the last 10 days.

Meanwhile, Mr Neil Cooper, Mr Nadir's trustee in bankruptcy, rejected as incomplete

Continued on Page 22  
Reports, Page 5

## Apprentices' jobs hit at BAe and R-Royce

By Roland Adburgham, Wales  
and West Correspondent

APPRENTICES with British Aerospace and Rolls-Royce are for the first time not being given jobs with the companies on completion of their training. New apprenticeships are also unlikely to be offered this autumn.

The companies, which have already been reducing their

intake of new apprentices, insist that they are not turning their backs on the apprenticeship system, but that their action is due to the heavy redundancies caused by the contraction of the aerospace and defence industries.

BAe has told all 46 of its final-year craft apprentices in its Airbus division at Filton, north Bristol, that it does not expect to be able to offer them jobs. The com-

pany recently announced that it is seeking another 450 redundancies at Filton by the end of the year.

It said yesterday that there was no philosophical change in its attitude to apprenticeships, but it needed to have the right structure of its reduced workforce. It did not expect to take on any new apprentices this September at its UK plants.

The Airbus division, which employs 5,900 people at Filton, is offering the redundant apprentices advice on job seeking and training credits to the value of £1,500. It says it will pay for a one-month trial with other companies where there is a realistic chance of a permanent post.

Rolls-Royce said yesterday it had told 33 craft and technical apprentices at its Patchway plant

in north Bristol that there would not be jobs for them on completion of their training - which in most cases takes three years. But it hoped to place 38 other final-year apprentices. The employment prospects of its apprentices at Derby are under review.

The Patchway plant had 6,900 workers at the start of this year

Continued on Page 22

Target date set for  
South African pollBy Patti Waldmeir in  
Johannesburg and George  
Graham in Washington

THE SOUTH African government and the African National Congress last night forced through agreement on a date for the country's first multiracial election, over-riding the objections of rightwing parties who walked out of negotiations in protest.

The 26-party negotiating forum also agreed in principle to establish a Transitional Executive Council to oversee government in the run-up to the election, on April 27 next year, but avoided difficult debate on the powers it would exercise. The Inkatha Freedom Party and its white rightwing allies, known as the Concerned South Africans Group, rejected this as well.

However, officials of the right made clear that they would return to the talks when negotiations resume after a two-week break.

Yesterday's deal, which is of little more than symbolic importance, was clearly aimed to coincide with the visit to the US of Mr Nelson Mandela, ANC leader, and President F.W. de Klerk. Yesterday the two were due separately to see President Bill Clinton, and were obviously keen to

present him with evidence of progress in democracy talks.

Mr de Klerk said he was confident the remaining US economic sanctions against South Africa would be lifted soon. "We will make the necessary breakthroughs. It is just a matter of time," he said after a meeting with Mr Warren Christopher, US secretary of state.

Mr Mandela had planned to use his US visit to call for the lifting of remaining sanctions, but Mr Cyril Ramaphosa, ANC secretary general, said ANC preconditions for lifting sanctions had not been met by yesterday's agreement.

Mr Ramaphosa still lauded yesterday's deal, saying "the democracy train is on track".

Despite the fanfare, little concrete progress towards democracy was made yesterday. Decisions on the toughest constitutional issues, including whether South Africa should be a unitary or a federal state, how power should be shared in the first elected government and how the country should be governed in the run-up to the first election, were largely deferred.

The forum simply finalised an earlier agreement in principle on the date, which must remain merely a target until a new constitution has been agreed.

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Leader Page	Equity Options	Managed Funds	

Aviation: British, British 250; Bermuda: \$1.85; Belgium: \$1.85; China: \$1.85; Canada: \$1.85; Croatia: \$1.85; Cyprus: \$1.85; Czech Rep: \$1.85; Denmark: \$1.85; Egypt: \$1.85; Finland: \$1.85; France: \$1.85; Germany: \$1.85; Greece: \$1.85; Hong Kong: \$1.85; Hungary: \$1.85; Iceland: \$1.85; India: \$1.85; Ireland: \$1.85; Italy: \$1.85; Japan: \$1.85; Korea: \$1.85; Kuwait: \$1.85; Luxembourg: \$1.85; Malaysia: \$1.85; Mexico: \$1.85; Monaco: \$1.85; Netherlands: \$1.85; New Zealand: \$1.85; Norway: \$1.85; Oman: \$1.85; Pakistan: \$1.85; Philippines: \$1.85; Poland: \$1.85; Portugal: \$1.85; Qatar: \$1.85; Saudi Arabia: \$1.85; Singapore: \$1.85; Slovakia: \$1.85; Slovenia: \$1.85; Spain: \$1.85; Sweden: \$1.85; Switzerland: \$1.85; Taiwan: \$1.85; Thailand: \$1.85; Turkey: \$1.85; UAE: \$1.85; USA: \$1.85; Venezuela: \$1.85; Yugoslavia: \$1.85.

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## NEWS: INTERNATIONAL

# US job figure dents hope of fast growth

By Michael Prowse  
in Washington

THE Clinton administration's hopes of a strong US economic recovery were dented yesterday by far weaker than expected employment figures for June.

The Labour Department said non-farm employment rose only 13,000 last month, about a tenth of the increase predicted by Wall Street analysts. The figures - the latest in a string of recent weak statistics - prompted heavy selling of shares.

By noon the Dow Jones Industrial Average was down more than 25 points at 3484.80. President Bill Clinton said the economy was moving ahead but only in "fits and starts". He said shaky job creation reflected the adverse domestic impact of military base closures as well as lack of investment spending. The international economic slowdown was also undermining job prospects in the US.

Manufacturing employment fell 53,000 in June, the fourth consecutive monthly decline. The manufacturing workforce has contracted by about 1 per cent since February and by nearly 10 per cent since the last peak reached in January 1993.

The decline in factory jobs last month, however, was more than offset by higher employment in retailing and other service industries.

Officials said the June

employment figures might have been misleadingly weak because the survey of the workforce was conducted earlier in the month than usual. On several previous occasions this has led to an erratically low employment count.

Last month's figures should also be set against substantial gains in payroll employment of 255,000 and 215,000 in April and May respectively. Figures for both months were revised higher in the latest report.

For the second quarter as a whole, the average monthly increase in employment was 162,000, against 161,000 in the first quarter and an average of about 30,000 last year.

On Wall Street, analysts differed sharply in their analysis of the figures. Mr Jim O'Sullivan, an economist at J.P. Morgan, the New York bank, said the June data were "clearly an aberration". Following a substantial increase in both employment and hours worked in the second quarter "the economy was poised for solid gains". There was no reason to revise the bank's forecast of growth at an annual rate of 3.5 per cent in the second half.

Mr David Reiser, chief economist at Nomura Securities in New York, said the employment figures fitted a recent pattern of "gravely disappointing" economic news. Cuts in defence spending and planned tax increases threatened to create a vicious circle of declining confidence, weak demand and falling incomes.

## Schlesinger warns on monetary union

By David Waller in Frankfurt

THE president of the Bundesbank yesterday warned against too hasty a move towards European monetary union.

Giving evidence before the German constitutional court in Karlsruhe, which this week held two days of hearings on the ratification of the Maastricht Treaty, Mr Helmut Schlesinger said that moves towards monetary union should be backed up with a "clear structure for political union".

Mr Schlesinger also cautioned that countries should not be granted too much freedom of manoeuvre when it came to the "convergence criteria" which set the standards - including those for inflation and government borrowing -

with which countries will have to comply before being allowed to join Ecu.

"It is better to have a step-by-step development (towards Ecu) than a cobbling together," Mr Schlesinger said.

Although his comments repeat the Bundesbank's orthodox position vis-à-vis the Maastricht treaty, these sceptical remarks before the court will add weight to outright opponents of monetary and political union in Germany.

The court is unlikely to make a decision on whether Maastricht complies with the German constitution before October this year.

If it rejects the treaty it is likely to mean the end of the process towards monetary and political union in Europe.

## Moslems struggle to fend off Serb-Croat offensive

By Laura Silber in Zagreb

MOSLEM fighters yesterday struggled to fend off a joint Serb and Croat offensive on key strongholds in north central Bosnia.

In another bid to block the delivery of humanitarian aid to besieged Moslem communities, Serb fighters demanded a tanker of fuel before allowing the passage of an emergency convoy which on Wednesday was stopped near Sarajevo. UN relief officials said Serb commanders had given guarantees that they would suspend a \$500 (\$330) toll for aid lorries imposed earlier this week.

Croatian radio said the Croatian Defence Council (HVO) had "destroyed" the Moslem attempts to defend Zepce, where more than 100 people were reported to have been killed in the fighting.

UN officials said up to 10,000 Moslems yesterday streamed out of the region, under constant attack by Serb forces. They were reportedly heading towards Zenica, one of six UN "safe areas" in Bosnia.

The fall of Zepce to Croat forces was another setback for the Moslems, planned between their powerful foes.

Serb forces are concentrated to the north apparently intent on carving out a second land corridor through central Bosnia, connecting Serb-held territories.

After seizing Zepce, Serb and Croat forces tightened their stranglehold on nearby Maglaj and Zavidovici. They are now poised to deal another blow to the enclaves of Zenica and Tuzla, further isolated by the latest advance.

Recent fighting has made impossible the delivery of humanitarian relief to the two Moslem strongholds, supposedly under UN protection. Relief workers fear that hundreds of thousands of Moslems stranded in the "safe areas" will be cut off.

Mr Veso Vugar, HVO spokesman, said 150 people had been killed when HVO units seized control of Zepce. He denied reports that Croat and Serb forces had entered into a powerful alliance against the outgunned Moslems.

Meanwhile Yugoslavia, now comprising Serbia and Montenegro, yesterday said it would not extend the mandate for the mission of the Council for Security and Co-operation in Europe (CSCE) to monitor the rights of minorities in the unrecognised Balkan federation.

The move was in apparent retaliation for Yugoslavia's suspension from the CSCE last year for supporting the carve-up of Bosnia.

## Brussels set for Hanoi trade talks

By Lionel Barber in Brussels

THE European Commission yesterday said it was ready to open negotiations on a trade and co-operation pact with Vietnam, boosting the Hanoi regime's campaign to end its commercial isolation.

The announcement followed two days of talks in Brussels between the European Commission and a Vietnamese delegation led by Mr Vo Van Kiet, prime minister - the first visit

to Europe by a Vietnamese premier in 25 years.

Europe's push for closer trade ties with Vietnam comes amid signs that the US is close to lifting its opposition to Vietnam's reinstatement in the World Bank and the International Monetary Fund.

The latest moves suggest a balancing act between the Clinton administration and the Commission on Vietnam.

"We are moving a little faster on trade because the

Americans have the special problem with the MIAs [soldiers missing in action], but not so fast as to cause a cleavage," said one EC official.

Mr Manuel Marin, EC commissioner responsible for development policy, is expected to win a mandate for opening negotiations with Vietnam at the next week's regular meeting of the full Commission.

The EC has trade and co-operation pacts with dozens

of countries, including Vietnam's east Asian neighbours, which include requirements for the respect of human rights and democracy. EC officials say Hanoi's human rights record remains imperfect, but it has made progress in the principal test of reintegrating the Vietnamese boat people who fled in the 1980s. Some 39,000 have so far been satisfactorily accepted back into Vietnamese society, according to the United Nations High Com-

mission for Refugees. The EC normalised its relations with Vietnam in November 1989 and relations have improved steadily since Hanoi signed the Cambodia peace accords in Paris almost two years later. During this week's talks, the Vietnamese delegation - which included the foreign, finance and development ministers - also expressed interest in joining GATT, according to EC officials.

## 'Old friends' contributed to election fund, says Hayashi

By Robert Thomson in Tokyo

WHEN Mr Yoshio Hayashi, Japan's finance minister, yesterday explained that his "old friends", the country's leading banks, had generously contributed to his election fighting fund, voters were again reminded that, morally and financially, Japanese politics is an expensive business.

Not long after, Mr Kishiro Nakamura, the construction minister, plumed himself that he had requested funds from his "friends", the construction industry, even though he has spent much of the week chastising four contractors for allegedly bribing a regional mayor.

A Japanese television station rolled out a representative from an "ethical political donations" citizens' group who thought it unseemly that ministers took money from the ministerial party.

The campaign is being fought by most parties on the issue of "political reform" and ending the era of "money politics", but running a campaign against "money politics" is expensive, and not only the LDP has had to answer awkward questions over funding sources.

Shinseito, the Japan Renewal party, has spent much of the week denying that its reformist leader, Mr Tsutomu Hata, the man who led the rebellion that brought down the government, went with col-

lection plate in hand to meet the head of a Buddhist movement, Soka Gakkai.

The wealthy Soka Gakkai bankrolls its own political party, Komeito, appropriately, the Clean Government party, but is also close to Mr Hata. A JRP official said the party's candidates are raising funds "by putting up their houses as collateral", and tapping small and medium-sized companies. "I don't know where every yen is coming from, but none of it is illegal."

As for Mr Hayashi, his office insisted that none of his support groups had accepted more than the ¥1.5m limit, and the grand total received from banks is less than ¥100m. Politicians get around the ¥1.5m limit by setting up dozens of support groups.

Leading Japanese banks have already provided ¥100m in loans to the LDP, though the institutions say the terms of the loan are a secret, as "we never provide details of dealings with our customers".

Some companies reluctant to make direct donations are buying advertisements in LDP journals, where the rates are calculated not by the centimetre, but by the depth of devotion to the party.

Japan may scrap its controversial system of "designated bidding" for public works projects, blamed for encouraging political corruption and con-



Kichiji Miyazawa, Japanese prime minister, at the National Press Club in Tokyo. Four opposition party chiefs, citing ruling party corruption, rejected his plea to join a coalition after the election.

demned by the US for restricting market access.

The ministry of construction said an advisory panel will be commissioned this month to suggest reforms and to consider whether bidding should be completely open, as

requested by Washington. Under the present system, only companies designated by national or local governments are able to bid for projects, creating opportunities for government officials to tamper with the bidding process.

## Japanese current account growth easing

By Charles Leadbeater in Tokyo

THE growth in Japan's current account surplus, which could be the focus of sharp criticism from both the US and the EC at next week's Tokyo summit, is running out of steam, according to official figures published yesterday.

However Japan's current account surplus with the EC rose sharply from \$25bn in 1991 to \$37bn (\$24.6bn) last year, according to Finance Ministry figures for Japanese trade in 1992 published yesterday. The 48 per cent rise in the surplus with the EC compares with an 11.26 per cent rise in the surplus with the US. Japan's current account surplus in May was \$9.5bn, up about 0.9 per cent from the same month last year, while the trade surplus fell 1 per cent to \$9.5bn. The latter fell because imports rose by 16 per cent to \$16.2bn while exports rose only 5.6 per cent to \$26.2bn.

The Japanese government is likely to point to the slower growth of the surplus as evidence that its pump-priming measures over the past year are beginning to revive demand for imports.

The US and the EC have both called on Japan to halve the current account surplus, which is expected to be worth about \$150bn this year, about 8.5 per cent of Japan's gross national product.

The US is expected to renew its calls for Japan to stimulate its economy and cut the surplus during next week's Tokyo summit of heads of state from the Group of Seven leading industrialised nations.

Pressure upon Japan will be intensified by the Bundesbank's half-point cut in its official discount rate to 6.75 per cent in Thursday.

The Bank of Japan's regional officials will meet in Tokyo early next week to review the state of the economy. In the past such meetings have been followed by interest rate changes. The case for a further cut in Japanese interest rates has been strengthened by the yen's rebound against the dollar in the past week in the face of political turmoil.

Japan's global current account surplus in 1992 was \$17.5bn, a 61.2 per cent rise from the year before, according to Finance Ministry figures published yesterday. The merchandise trade surplus was \$13.3bn, up from \$10.8bn the year before.

Exports rose by 7.5 per cent at \$30bn, an increase the Japanese government attributes mainly to a shift in the terms of trade which has increased the value of Japanese exports. Imports fell from \$20.8bn to \$19.6bn and there was a \$7bn fall to \$10bn in Japanese consumption of foreign services.

Japan's current account surplus with the US was \$4.5bn, up from \$4.0bn the year before, while its surplus with south east Asia rose from \$3.8bn to \$4.1bn.

## Donors promise \$7.4bn aid for India

By Shiraz Sidhwa in New Delhi

INDIA'S donor countries, led by the World Bank, yesterday pledged assistance worth \$7.4bn (\$4.33bn) for 1993-94, far exceeding the expectations of the Indian government and the World Bank.

The pledge, which came at the conclusion of the two-day Aid India consortium, the annual meeting held in Paris between India and its international aid donors, was \$200m more than last year's figure of \$7.2bn. The pledges from multilateral sources accounted for \$4.2bn, with the World Bank accounting for more than \$3bn and the Asian Development Bank \$1.2bn.

Indian officials are relieved the fast-disbursing assistance component is \$2.5bn, which will help tide India over transitional difficulties in its third year of economic reforms. Officials said there was marked support from the UK, Germany and the US.

While acknowledging that the Indian economy had made considerable progress last year despite the politically turbulent times, most of the donors agreed with the view expressed by Mr Joseph Wood, the World Bank's vice-president for South Asia, that "the pace of future economic reform in India will depend also on the government's ability to establish a viable external financing plan that covers the difficult period that lies ahead."

In Delhi yesterday the government announced its intention to further deepen the reform process and reduce the fiscal deficit to 3 per cent of the GDP by 1996-97 from this year's 7 per cent.

## Snags for Italian poll reform

By Robert Graham in Rome

LAST-MINUTE changes by Italy's senate and chamber of deputies threaten to disrupt carefully agreed proposals for electoral reform.

Both houses have worked with unusual speed to approve new electoral reform laws and so enable legislation to be in place before the summer parliamentary recess at the beginning of August.

But this week, first the chamber of deputies and then the senate endorsed unusual proposals which risk being considered unconstitutional - or being rejected when the laws are sent from one house to another in parliament for endorsement.

In both cases the unexpected proposals could cause a delay, as the senate has to approve

the chamber's laws and vice versa in a parliamentary process where both houses possess equal powers.

The unexpected proposal from the senate was for a limit of three legislatures, or 15 years, on the time that any one person could remain either a deputy or a senator. If passed in both houses, this would disqualify a high proportion of the best known figures in every party and would remove 94 Christian Democrats alone.

More polemical has been the majority decision in the chamber of deputies to allow Italians overseas to have parliamentary representation with 25 seats in the lower house. Some saw this as an astute attempt to sabotage the reform law introducing a first-past-the-post system for 75 per cent of the lower house.

As it is, a sizeable portion of parliament is happy to see the electoral reform process slowed in order to prevent elections in the autumn.

Constitutional lawyers are arguing in any event that the introduction of the principle of overseas members of parliament is unconstitutional. The neo-fascist MSI, which sponsored the idea, claimed this

was a genuine attempt to give a parliamentary voice to Italians abroad. At present 2,000,551 are registered as living abroad, 1.3m of them in Europe. But the overall figure eligible could be double this.

It is unclear whether the 25 seats would be added to the existing 630 in the chamber or found from the 473 allocated for the new first-past-the-post system. The remaining 167 seats will be won on the basis of the old proportional representation system.

The reform proposals being sent to the senate envisage voters with two slips - one for the majority vote and the other for the 25 per cent proportional representation.

For the latter, the electorate will be allowed to vote for a party list and state one preference candidate.

Leading business groups also pointed to the critical need for a Uruguayan Round breakthrough in Tokyo. The Paris-based International Chamber of Commerce, which groups more than 100 leading companies across the world, said a successful outcome to the Uruguay Round was "crucial and urgent... a litmus test of the political will and leadership of the G7."

In London, Sir David Platts, chairman of the British North American Research Association, which groups business, union, and academic leaders from both sides of the Atlantic, sent an open letter to Mr Major expressing deep concern over the lack of progress towards a Uruguay Round settlement. "If the current negotiations fail, a unique opportunity to reform and modernise

## Spain and France cut intervention rates

By Alice Rawsthorn in Paris and Peter Bruce in Madrid

FRANCE and Spain yesterday moved quickly to take advantage of Thursday's German Bundesbank rate cuts, by cutting their key intervention rates by 0.25 percentage points.

The key Bank of France rate was cut from 7 to 6.75 per cent, the same level as its German counterpart, while the Bank of Spain rate fell from 11.35 to 11 per cent.

The Bank of France also reduced its short-term lending facility, the 5 to 10 day rate, by 0.25 percentage points, from 8 per cent to 7.75 per cent. French official short-term rates last month fell below their German equivalent for the first time in 26 years.

The French government is

gambling that the steady reductions in interest rates will stimulate the recession-struck economy.

The Balladur administration is also aware that lower rates could be an important catalyst for its ambitious privatisation plans by encouraging savers to move their cash into shares.

But the Spanish cut is unlikely to provide immediate economic relief, as evidence mounts that the country is in the grip of possibly its worst recession in 25 years.

Figures published by the government earlier this week suggested that gross domestic product shrank by 1.1 per cent in the first quarter of the year. Overall, investment fell 8.9 per cent, internal demand fell 2.1 per cent and consumption stagnated.

## G7 meeting's success will hinge on tariff talks

By Our Foreign Staff

POLITICIANS and business leaders agreed yesterday that success or failure at next week's Group of Seven economic summit in Tokyo will hinge on the outcome next Tuesday of negotiations on tariff cuts in manufactures and services.

A senior EC official said yesterday "everything hinges" on quadrilateral talks involving the US, EC, Japan and Canada on tariff cuts. Quad officials have been negotiating all week in Toronto, and will report to a special ministerial meeting in Tokyo on Tuesday. This was hastily arranged last week after talks intended to hone a deal had floundered.

Initial hopes that the Tokyo meeting might secure a substantial market access agree-

ment to relaunch the long-stalled Uruguay Round of talks on global trade liberalisation have dimmed as France has hardened its opposition. The Japanese government, which faces elections in less than three weeks, may also be too weak to make tariff concessions, diplomats in Brussels say.

Also in Brussels, Mr Alain Juppé, French foreign minister, told colleagues France would insist on an end to bilateral and quadrilateral negotiations. He said the Uruguay Round talks had to be multilateralised. EC negotiators should operate in Geneva only with a mandate from the Council of Ministers of the Twelve.

France won sympathy because of the hard line the US is taking over anti-dumping and countervailing duties on EC steel products, which the

EC describes as "wholly unjustified".

Sir Leon Brittan, EC trade commissioner, tried to make light of the upcoming Quad meeting, insisting that the current market access negotiations were simply "useful tools or pegs along the way" to a final agreement.

In London, senior British officials said Mr John Major, the prime minister, would press hard for progress on the Uruguay Round.

The prime minister yesterday met Mr Peter Sutherland, the new director general of the General Agreement on Tariffs and Trade. Officials said the meeting showed the UK was pushing "very, very hard" for trade liberalisation even though Britain realised that there were big obstacles to progress.

Leading business groups also pointed to the critical need for a Uruguayan Round breakthrough in Tokyo. The Paris-based International Chamber of Commerce, which groups more than 100 leading companies across the world, said a successful outcome to the Uruguay Round was "crucial and urgent... a litmus test of the political will and leadership of the G7."

In London, Sir David Platts, chairman of the British North American Research Association, which groups business, union, and academic leaders from both sides of the Atlantic, sent an open letter to Mr Major expressing deep concern over the lack of progress towards a Uruguay Round settlement. "If the current negotiations fail, a unique opportunity to reform and modernise

the world trading system will have been lost."

Mr Zygmunt Tyszkiewicz, secretary general of the Union of Industrial and Employers' Confederations (Unice), Europe's leading grouping of industrialists, noted in an open letter: "Businesses are running out of time. Without effective and enforceable rules, protectionism will endanger global co-operation and trade."

Meanwhile, it was announced in Brussels that the EC delegation will not be led by Mr Jacques Delors, president of the European Commission, but by Mr Jean-Luc Dehaene, prime minister of Belgium, which has just taken over the rotating EC presidency.

A spokesman for Mr Delors said he had been advised by doctors to avoid a gruelling 12-

hour trip to Tokyo because of recurring sciatica. But EC officials suggested that the Commission president "might not be too unhappy" to miss a summit whose prospects for success have receded.

The senior EC official offered a sober assessment of the prospects for a breakthrough, predicting however that "everybody will turn up the pressure on Japan" to make concessions to reduce its trade surplus.

This stood at \$132bn (\$88bn) last year, and is expected to rise further this year.

Whitehall officials agree that next Tuesday's Quad talks will be crucial. The G7 summit itself, which begins on Wednesday, will not be the forum for negotiations, although Mr Major will want the G7 leaders to keep up the pressure for progress on trade.

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مكة المكرمة

Instability and tensions grow in former Soviet Union as Kiev and the Urals region defy Moscow

## Ukraine says it owns nuclear arms

By John Lloyd, Moscow

THE Ukrainian parliament yesterday took a further step along the road to becoming a fully fledged nuclear power by declaring that Ukraine owned the 176 strategic nuclear missiles on its territory.

The parliament passed a new defence doctrine declaring that the state "owns the nuclear weapons on its territory". The weapons are 130 six-warhead SS19s, 46 10-warhead SS24s together with hundreds of nuclear-armed cruise missiles carried on heavy bombers.

The vote was one in a series of incidents within the former Soviet Union yesterday which underscored the precariousness of their political, economic and even territorial existence.

The Georgian government accused Russia of sending 2,000 troops in full combat gear to Georgia, following an earlier claim that commandos from the forces of the breakaway region of Abkhazia landed from the sea in the Abkhazian capital of Sukhumi and

attacked the Georgian forces which still control the city.

Guards on the border between Tajikistan and Afghanistan claim to have repulsed a force of 150 guerrillas of the Tajik opposition attempting to infiltrate the country from bases in Afghanistan, according to an interview on the Interfax News Agency with Colonel Valery Kochenov, a senior Russian staff officer. The Tajik frontier is largely guarded by Russians.

A constitutional crisis deepened in Belarus, as Mr Stanislav Shushkevich, the chairman of parliament and head of state, refused to step down in spite of an overwhelming vote of confidence against him on Thursday in the Belarus parliament - a vote which, however, was inquorate.

Mr Shushkevich, a liberal, was accused by largely conservative deputies of failing to move Belarussian policy closer to Russia. Mr Shushkevich has responded by demanding a constitutional assembly to adopt a new state constitution. The Ukrainian move is the

latest in a lengthening chain of decisions and declarations which point to the loss of any political will to give up the weapons and to ratify the Start I and II treaties which have yet to be put before parliament.

Though the nuclear missiles are still ultimately controlled from Moscow, unconfirmed reports point to an attempt by Ukrainian authorities to develop their own control system.

The decision will further sour relations between Ukraine and Russia, as Moscow has always claimed ultimate ownership of the missiles and has demanded their return or destruction under the terms of the Start treaties. The Russian parliament cannot ratify Start II while Start I remains unratified by Ukraine.

The issue of the Black Sea fleet based in ports in the Ukrainian-held but ethnic Russian-dominated region of Crimea between the two republics has over the past few days revived animosity between the two countries.

Though Presidents Leonid



Recruits to Lithuania's army being put through their paces this week. Like the other Baltic states, the former Soviet republic is asserting its independence and forming its own armed forces.

Kravchuk of Ukraine and Boris Yeltsin of Russia have agreed to the split and continue to support it, Russian military officers have rejected the decision.

Even the Russian defence minister General Pavel

Grachev yesterday said that "the ideal would be to keep the fleet united" and called for attention to be paid to the strong objections of the largely Russian naval officers.

However, Mr Dmytro Pavlychko, chairman of the Ukrai-

nian parliament's foreign affairs commission said after the debate: "Ukraine will move towards arms reduction and Start will be ratified. Only our enemies can say that Ukraine wants to become a nuclear state."

## Urals region boosts status

By John Lloyd in Moscow

ONE of the richest and most highly industrialised regions in Russia has declared itself a republic.

The Sverdlovsk region voted on Thursday to rename itself the "Urals Republic" - thus claiming the enhanced rights which a draft constitution being thrashed out by a constitutional assembly would give to republics over mere regions.

The move is a sharp warning to Russian President Boris Yeltsin that his efforts to introduce a constitution and federal treaty capable of holding together the vast and diverse Russian land mass face increasing difficulties.

Sverdlovsk council controls a relatively rich region the size of France, with a population of only 5m. The main city, Ekaterinburg, formerly Sverdlovsk and the fief of Mr Yeltsin when he was a regional Communist party secretary, is the fourth largest city in Russia and one of the most go-ahead in embracing the market.

Mr Anatoly Grebenkin, the regional council chairman,

said yesterday: "We hope this step will give a new impulse to the process [of developing a constitution] and will put pressure on the assembly to finally find a solution."

The move, accompanied by assurances that they were not claiming the primacy of their law over federal legislation, will upset the fragile balance between the 20 republics and the regions. Many of the latter are larger and richer than republics, which are often sparsely populated and dependent on central subsidies.

Under the draft constitution, republics have larger powers in the proposed two-chamber parliament and greater rights of self-government. Since much of the politicking now concerns the amount of its own resources each administrative area can keep and how little it can pass on to Moscow, the question of status becomes an urgent one.

The next meeting of the constitutional assembly, largely made up of regional and republican leaders, is set for July 12 and is supposed to produce the final draft of the constitution.

### NEWS IN BRIEF

## Haiti military agrees to restore Aristide to power

HAITI'S military leaders yesterday accepted a UN proposal to restore ousted president Jean-Bertrand Aristide to power, writes Michael Littlejohn, UN Correspondent, in New York.

Father Aristide did not respond immediately but last night appeared likely to agree.

The ousted president had refused to enter direct talks with General Raoul Cedras, the junta leader, but was being pressed to meet him face to face to conclude the pact.

Negotiations have been going on all week at a high security US military base on an island in New York harbour, with Mr Dante Caputo, a former Argentine foreign minister, mediating on behalf of the UN and the Organisation of American States.

Under his plan the UN would retrain the Haitian police who have been accused of murder, torture and other atrocities in a long reign of repression. An earlier idea to send 500 UN troops to the country to oversee the return of democracy was apparently abandoned.

### Czech minister accuses EC

Mr Karel Dyba, the Czech economy minister, yesterday criticised the European Community for showing "absolutely the wrong approach" over its reluctance to accept eastern and central European countries as full members, writes David Marsh in Vienna.

At a conference on European integration in Vienna, Mr Dyba said: "We can join [the EC] tomorrow if they like. Our economy is probably stronger than the Greek economy."

The EC must turn into reality its decision last week to speed up trade liberalisation with eastern Europe, he said. Last week's Copenhagen summit resulted in "interesting words" on opening up the EC. But "volatility" in Community countries was preventing firm action. "They [the EC members] are not sure themselves how to move ahead."

### Somalis kill 3 Italian soldiers

Somali gunmen killed three Italian soldiers and wounded 21 when they forced 800 Italian UN peacekeepers and 400 Somali police to retreat after a search for illegal weapons in Mogadishu yesterday, Reuters reports from Mogadishu.

Lieutenant Colonel Giovanni Fiantini said the gunmen pinned down a convoy of six Italian tanks and up to 20 armoured cars down for three hours. "The general preferred to pull back and to return in the next days," said an Italian military spokesman.

Meanwhile the Italian cabinet agreed to send almost 2,500 servicemen to Somalia at the request of the United Nations and the US and a further 1,200 troops to support UN humanitarian operations in Mozambique, writes Robert Graham in Rome.

In Bonn, Germany's parliament approved deployment of 1,700 troops to Somalia, limited to providing logistical support for other UN peacekeepers. The vote cleared the final hurdle for Germany's biggest deployment of ground forces abroad since the second world war.

### Sihanouk's Khmer Rouge dilemma

The Khmer Rouge would give up the 20 per cent of Cambodia it controls in return for a role in the newly elected government, Prince Norodom Sihanouk said yesterday, AP reports from Phnom Penh.

But, said Prince Sihanouk, the head of state, such a move would lead to Cambodia being denied foreign aid.

He noted that the US had said it would not provide assistance to Cambodia if the Khmer Rouge was given a role in the administration.

Prince Sihanouk met Khmer Rouge leaders on Thursday.

### China acts to cool economy

China yesterday confirmed the appointment of Mr Zhu Rongji, its senior vice premier, as governor of the central bank to bolster efforts to calm its over-heating economy and bring order to its chaotic financial sector, our Beijing staff report.

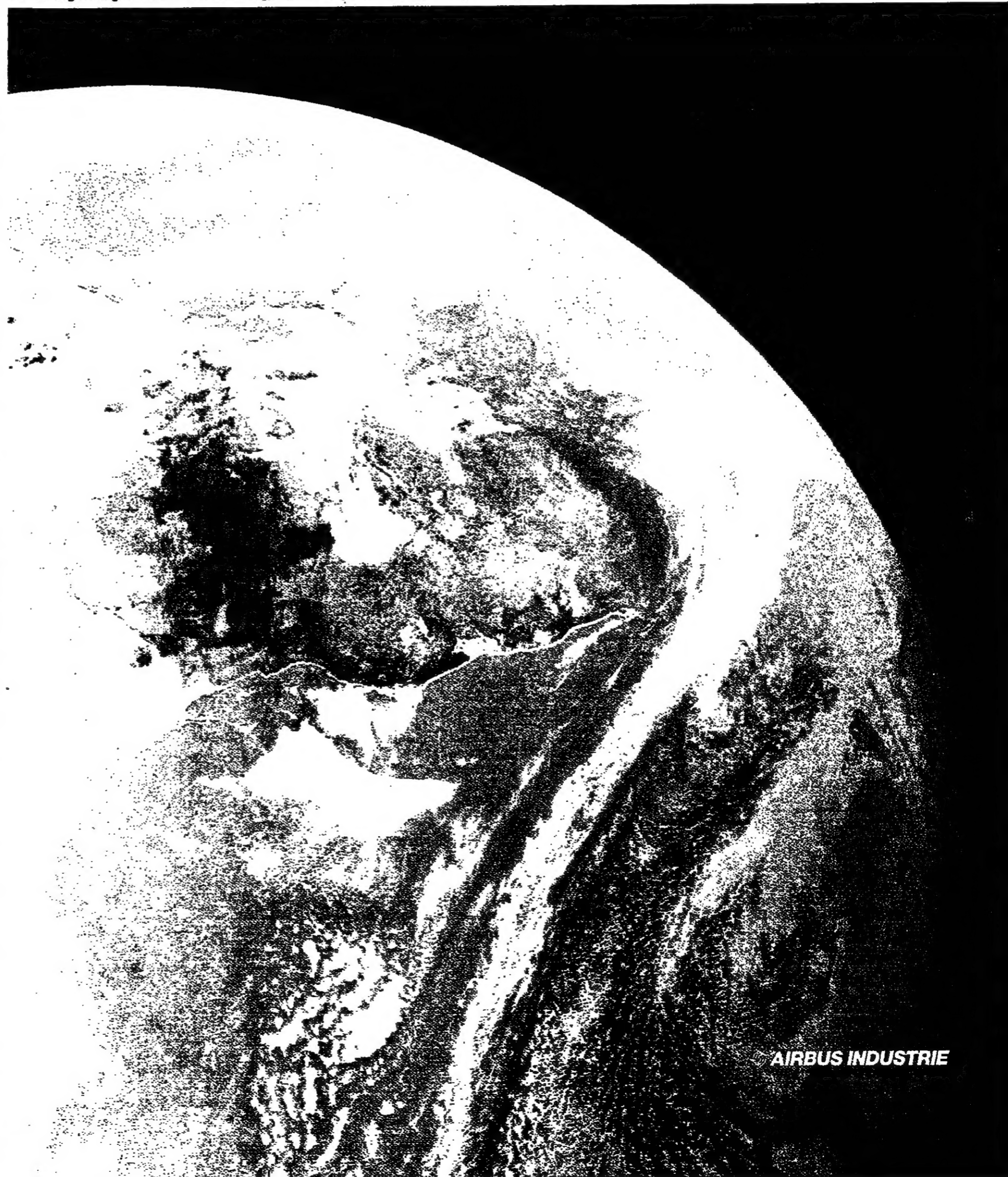
### Hurd plans sudden Beijing visit

Britain's foreign secretary, Mr Douglas Hurd, said yesterday he would make a hastily-arranged visit to China next week but would not be making any new proposals to settle the dispute about democracy in Hong Kong. Reuters reports from London.

Hong Kong Governor Chris Patten has been in Britain to discuss ways of pushing forward negotiations with Beijing.

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FINANCIAL TIMES



## NEWS: UK

This week claim, counter-claim and hoax over the Asil Nadir affair competed with mounting complexity for attention in parliament and the press. FT reporters have been getting to grips with the main personalities and outstanding issues

## MAIL INTERCEPTION

## Nadir's trustee finds undisclosed assets

By Andrew Jack

THE INTERCEPTION of Mr Asil Nadir's mail revealed that he illegally failed to disclose to his trustee in bankruptcy at least one Luxembourg bank account and a Mercedes car that he owned, it emerged yesterday.

Mr Neil Cooper, Mr Nadir's trustee in bankruptcy from accountants Robson Rhodes, said last night that the court-ratified interception of Mr Nadir's post had allowed him to recover several thousands of pounds which had not been declared

by the fugitive businessman. Mr Cooper said Mr Michael Mates's description of the events surrounding his work was in parts incorrect and not the complete story.

Mr Mates had claimed that Mr Nadir had no access to documents seized by the trustee, and that his post had been intercepted and opened.

Mr Cooper said that Mr Nadir had been allowed access to documents and assets seized from his home and office following a court order in April this year.

He said the court granted him power to redirect Mr

## THE BARRISTER

## Lawyer denies advising Mates

By John Mason, Law Courts Correspondent

MR ANTHONY Scrivener QC, the barrister who acted for Mr Asil Nadir, yesterday called for an independent inquiry into allegations of attempts to bribe the trial judge. He also called for the attorney-general to publish all correspondence from himself and Mr Michael Mates on the subject.

In his contacts with Sir Nicholas Lyell, Mr Scrivener raised the conduct of the Ser-

ious Fraud Office in the handling of the allegations.

However, Mr Scrivener distanced himself from Mr Mates and rejected suggestions that he had acted as a personal adviser to the MP in his campaign on behalf of the fugitive businessman.

The barrister refused to go into the detail of his correspondence with Sir Nicholas Lyell, or enlarge on his comments on the SFO, insisting that court orders prevented this.

He insisted, however, that an

inquiry had to be held into the unprecedented allegations. "It is not every day that it is alleged your client is conspiring with the judge. I have not known this happen in the history of the judicial system since the time of Henry II."

Mr Scrivener dismissed suggestions that he had acted as the driving force behind Mr Mates's campaign, saying the MP had only checked factual details with him and Mr Scrivener had only agreed to do that with Mr Nadir's approval.

"I am not advising Mr Mates. That is ludicrous. Mr Mates can look after himself," Mr Scrivener said. Mr Mates often made such requests and, provided clients agreed, their questions were answered, he said.

Mr Scrivener also denied any knowledge of the claims made by Mr Mates about the alleged involvement of intelligence services in an attempt to undermine Mr Nadir.

The attorney-general said yesterday no evidence implicating Mr Scrivener in the

alleged plot to pervert the course of justice was ever discovered. Writing in a response to a letter from the barrister requesting that his name be cleared, Sir Nicholas said no credible evidence had been produced implicating the judge. "I understand from the DPP's office that the same is true of you."

Mr Scrivener said Mr Nadir could still get a fair trial in Britain. He no longer acted for Mr Nadir and his fees stopped after the businessman's flight.

## Minister urges two pensions for all

THE GOVERNMENT should be aiming to ensure that "practically everyone" has a second pension on top of the basic state retirement pension scheme, a cabinet minister urged yesterday, David Owen writes.

Mr John Redwood, Welsh secretary, said he expected most pensioners to be enjoying good living standards in 30 to 40 years' time "primarily because they have saved for their retirement during their years of earning."

By helping to bring this about, he suggested, the government would be able to continue uprating the state pension in line with prices rather than earnings. The cost of financing the basic state retirement pension could be contained further by equalising the retirement age for men and women upwards "as people are likely to live longer and have healthier lives."

## New curriculum postponed

THE introduction of a new national curriculum for technology in England and Wales has been postponed for a year, after a report by the National Curriculum Council said it needed more time to reduce the overload on pupils and teachers.

Mr John Patten, the education secretary, announced that the curriculum would not now be introduced until September 1995, for children up to the age of 14, and September 1996 for 15 and 16-year-olds.

He also confirmed that there would be no statutory testing of technology for 14-year-olds next summer. The tests held this year were widely boycotted by teachers' unions.

## Level of student debt rises rapidly

THE LEVEL of student debt is rising rapidly, with four out of five students ending this academic year in the red, according to a survey by Barclays bank.

The average undergraduate owes £1,872, up almost 22 per cent from the equivalent figure in last year's survey. This year's new graduates expect to owe £1,900, compared with £1,765 for 1992 graduates.

## News At Ten plan attacked by MPs

THE National Heritage Select Committee yesterday condemned ITV for its proposals to move News At Ten to an early evening slot in the schedules.

The committee said it "deplored both the proposal to reschedule News At Ten and the evasive and wholly unconvincing manner in which representatives of ITV sought to justify that proposal."

## TV company cuts another 188 jobs

ANOTHER 188 jobs are to go at Yorkshire-Tyke Tees Television as part of the restructuring following the merger of the two companies last year.

The cuts, which staff were told yesterday, affect group employees in London, Leeds and Newcastle.

## One-day strike closes dole offices

ABOUT half of unemployment benefit offices were closed yesterday because of a one-day strike in protest at market testing in the Department of Social Security.

The joint action was taken by members of the CPSSA union, which represents the majority of typing and clerical staff, and the NUCPS, whose members include middle and junior managers.

## Twyford Down bans extended

A HIGH COURT judge yesterday prolonged injunctions against 55 protesters, banning them from interfering with construction of the M3 extension through Twyford Down near Winchester.

Mr Justice Allott said he was "determined to put a stop to violence on Twyford Down".

## Docks win grant

FALMOUTH DOCKS in Cornwall are to receive a £762,000 European Community grant to aid the first stage of a scheme for a roll-on-roll-off facility. The grant is for reclamation of part of the harbour and improvements to the jetties.

## SWAPPING OF INFORMATION

## SFO raids based mainly on Exchange material

By Jimmy Burns, Andrew Jack and John Mason

THE SERIOUS Fraud Squad's raids on the offices of Mr Asil Nadir's companies in September 1990 were based on information which the Stock Exchange had gathered over several years, not exclusively from information passed to it by the Inland Revenue.

The Stock Exchange yesterday said it was not its policy to comment on individual cases. However, the information is believed to have related to market manipulation involving a group of Swiss nominees companies which had been under suspicion for several years before they were linked to Mr Nadir.

The Stock Exchange's interest in Mr Nadir's affairs surfaced publicly on August 17 1990. This was when the exchange's quotations panel announced that it had requested advisers to Mr Nadir's Polly Peck International to explain the circumstances surrounding an attempted management buy-out of the company.

It is understood that by this time the exchange's surveil-

lance unit - then called the insider dealing group - had received corroborative information from the Inland Revenue, whose own investigative unit had been looking at Mr Nadir's tax affairs. Stock Exchange officers subsequently met with the SFO and the first of the raids on Mr Nadir's premises was authorised.

The exchange said yesterday that it was long-standing practice for it to pass on information to other agencies such as the SFO if it believed a criminal offence had been committed. "It is not just practice but a statutory duty," the exchange said.

Mr George Staple, the director of the SFO, said yesterday that it had made an informal approach to the Revenue one month after receiving a report from the Stock Exchange, hoping that the "gateways" allowed for the exchange of information between authorities might apply in the Nadir case. The Revenue had rejected the SFO approach, however. It had explained that in this case the passing of information would have been against the rules.

The Revenue stressed yesterday that it could disclose information gathered during its tax investigations to third parties only under "very, very restrictive circumstances."

Although investigators are permitted to provide some details of their work to other authorities it can be only when there is a direct exchange of information on the taxpayer they are scrutinising.

The Revenue said that it would not even permit information on one case to be transferred to another agency in exchange for information on another case.

It said any exchanges of information were "left to the discretion of investigators to decide what is proper," but that these officers were always supervised and anyone overstepping the mark would be "in real trouble."

The restrictions on disclosing confidential taxpayer information are detailed in the 1988 Finance Act and a series of tax management acts. The only statutory guidelines on exchange of information are with Customs and Excise and the Department of Social Security.

## THE HOAXER

## A novel forger says sorry to Mellor

By Gillian Tett

THE MEDIA furore that has surrounded the Asil Nadir affair took another bizarre twist yesterday when it was revealed that the forged letter which linked the former cabinet minister Mr David Mellor and Mr Kenneth Baker to Mr Nadir had been written by a novelist living in Turkey.

Mr Trevor Timbs, the author of the letter, now faces questioning by the police.

Following a call from Mr John Major for a full-scale inquiry into the "smear tactics" used over the Nadir affair, Mr Timbs yesterday sent an apology to Mr Mellor in which he said he "deeply regretted" the incident.

The letter, offered for sale last week to the Sun and Daily Mail newspapers, purported to be from Mr Mellor to Mr Nadir, thanking Mr Nadir for donations made to the Conservative Party.

Mr Timbs yesterday said that he had produced the letter on a computer as a joke while he was writing his novel, taking the forged letterhead from a letter that Mr Mellor had written to Mr Timbs a year before.

According to Mr Timbs the letter had been shown to Mr Mic Szerebets, a former journalist friend, who had faxed it to the newspapers in London. Mr Szerebets yesterday said that he had believed the letter to be genuine.

Mr John Darby, the solicitor acting for Mr Timbs, confirmed that Mr Timbs met with the Daily Mail and Sun newspapers last Monday, and had been offered money to reveal his sources.

However, he had then told the Sun on Tuesday that the letter had been a fake.

"This letter was never intended for publication. It was faxed on without his knowledge," Mr Darby said.

Mr Mellor yesterday said he was glad that the matter had been cleared up. "I hope this puts an end to this kind of silly dirty trick of which we see too much these days," he said.

## THE TAX INVESTIGATOR

## Probe involving Allcock continuing, says Yard

By Jimmy Burns

SCOTLAND YARD said yesterday that an inquiry involving Mr Michael Allcock, the suspended Inland Revenue investigator linked to the Nadir affair, was continuing.

Scotland Yard stressed that Mr Allcock had neither been arrested nor charged, although it is understood that his suspension relates to allegations that he had offered foreign subjects working in the UK non-tax status in return for bribes.

Mr Allcock was suspended from his duties as head of the Inland Revenue's Special Office 2 in September last year as a result of what his solicitor Mr Michael Jones said earlier this week were allegations of bribery.

Neither Mr Allcock nor Mr Jones was available for comment yesterday. But in an interview with the Financial Times before publication of the Mates correspondence, Mr Jones referred to the "unorthodox methods" pursued by Mr Allcock as part of his job.

Mr Jones explained that the sensitivity of much of the work that his client carried out in the course of his duties meant that he would maintain informal contacts with other agencies including the SFO.

According to Mr Jones the Revenue's Special Office 2 had the task of looking into the tax affairs of "rich and powerful people".

It emerged yesterday that two senior Fraud Squad detectives in charge of Mr Allcock's case are on annual leave. However Mr Jones is understood to be preparing a statement in response to the Mates correspondence.

There is no suggestion that police inquiries into Mr Allcock's affairs are in any way related to Mr Nadir, although Mr Allcock is named in the correspondence exchanged between Mr Mates and Sir Nicholas Lyell, the attorney-general.

The correspondence includes an alleged minute of a meeting on September 21 1990 purportedly attended by Mr Allcock and a colleague from the Inland Revenue in the boardroom of Vizards, Mr Nadir's



Michael Allcock outside his home in Colchester, Essex

solicitors at the time. The alleged meeting took place on the day after the SFO raid on South Audley Management.

According to the minute the two officers had described the SFO raid as a "monumental disaster."

Yesterday Mr Peter Knight, a solicitor with Vizards who was also alleged to have been pres-

ent at the meeting, was not available for comment.

The alleged minute referred to one of the Inland Revenue officers present at the meeting as saying that he was extremely concerned about the possibility that Mr Nadir particularly would think that leaks "had originated from the Inland Revenue."

## Swan Hunter wins deal to complete frigates

By Chris Tighie

SWAN HUNTER, the Tyneside shipbuilder in receivership, will be allowed to complete work on three Type 23 frigates, the Ministry of Defence and receivers Price Waterhouse said yesterday.

The contract, which Swans won over bids from other naval shipyards, gives the company work until November 1994 and greatly enhances its prospects of being sold as a going concern.

Announcing the deal, Mr Jonathan Aitken, the defence procurement minister, said it was subject to the maintenance of "satisfactory levels of productivity".

Joint receiver Mr Gordon Horsfield, who finalised the deal with the MoD, said he was hopeful Swans would be sold

within weeks. "We are in active discussions with several interested parties," he said.

Mr Horsfield said those who had expressed serious interest in buying Swans were companies with international activities, intending to continue shipbuilding on the Tyne.

He said he was "reasonably optimistic" that shipbuilding on the river would be retained. Swans went into receivership in mid-May after failing to win a helicopter carrier order from the government. Its survival chances have hinged on completing the outfitting of the frigates, its only substantial current workload.

News of the agreement, which also strengthens Swans' chances of winning a £40m Omani order for two patrol boats, was released just before labour leader Mr John Smith

visited the yard. He greeted the deal as welcome but belated.

Mr Smith said the government should take positive action to assure the Omani government that there was no difficulty in providing the bonds necessary to secure the patrol boats order.

The government must also push Swans' case for intervention funding with the European Community he said.

"It's vital we save the shipbuilding potential here, not only for industrial reasons but for national security reasons," he said. "It would be a tragedy if it were to close and at some time in the future we had to order a large naval vessel from abroad."

He added: "It's unthinkable that any government could allow that to happen."

## Threat of post disruption grows

By Diane Summers, Labour Staff

THE THREAT of London-wide disruption to the postal service drew nearer yesterday as members of the Union of Communication Workers, the main Post Office union, voted to go on strike.

Talks between the union and management of Royal Mail, the letters arm of the Post Office, are due to be held on Monday in an attempt to avert the action. The UCU is protesting over the planned closure of five sorting offices in the capital and the loss of 6,000 jobs over the next three years.

Mr Alan Johnson, UCU general secretary designate, said a strike "will have a devastating effect in London because there will be no deliveries at all in the capital". It could also hit deliveries in other parts

of the country, he said. No dates have yet been set for the industrial action, which would not involve parcel deliveries or the Post Office County network.

Mr Johnson said the union was not optimistic about making any progress at the talks on Monday but remained "willing to use any opportunity to negotiate a satisfactory settlement without recourse to industrial action".

The UCU accepts the closure of some of the offices, but wants guarantees that there will be no compulsory redundancies or compulsory transfers to other sorting offices.

Mr Brian Thomson, general manager of Royal Mail's London division, yesterday called the vote to strike "disappointing" and added that the UCU leadership did not have a mandate to take action.

## High Court approves new grammar school

By John Authers

APPROVAL FOR the creation of England's first new grammar school for more than 20 years was granted by the High Court yesterday.

Queen Elizabeth's Grammar School in Penrith, Cumbria, will be allowed to apply academic criteria when selecting pupils from September.

However, the judge, Mr Justice Tucker, reprimanded the education secretary, Mr John Patten, for claiming in a press release that the plan had "the

clear backing of governors and local communities", and refused to award him legal costs.

It had been strongly opposed by local councillors, the head of the other secondary school in Penrith, and by the heads of several local primary schools. The Department for Education admitted that it had received 70 objections to the proposal - 55 statutory and 15 non-statutory - and only one letter of support.

The judge said: "I have no doubt if this statement had been made in public meetings in Cumbria it

would have been treated as derisory." The department said it regretted publishing the misleading press release, which the judge described as "a most unfortunate document".

Cumbria county council, controlled by Labour with Liberal Democrat support, had challenged Mr Patten's decision on the grounds that he did not take local objections into account.

The judge, however, decided Mr Patten's decision was lawful because he had taken local opposition into account, and so his

approval was "procedurally flawless". Queen Elizabeth's opted to start using academic criteria - which will not involve "11-plus" exams - because it is expanding to take 11-year-olds. Previously children started at 13.

The move means that each year's intake must be smaller. In practice very few applicants, if any, are likely to be denied admission.

The legal decision provoked condemnation from opposition politicians and teachers' unions.

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**LEGAL NOTICES**

In the High Court of Justice No. 004732 of 1993  
Chancery Division

IN THE MATTER OF EFG plc

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 27th May 1993 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named company from £6,251,166.80 to £3,125,583.40 and for the reduction of the Share Premium Account of the said Company by £3,125,583.40.

AND NOTICE IS HEREBY GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice Strand London WC2A 2LL on Wednesday the 14th July 1993.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the registered clerk for the same.

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Ref: 1002  
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**LEGAL NOTICES**

No. 004635 of 1993

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION

IN THE MATTER OF PIZZAZEXPRESS PLC

AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 23 June 1993 confirming the reduction of the Share Premium Account by £2,276,593 was registered by the Registrar of Companies on 24 June 1993.

DATED this 30th day of June 1993  
Derwile Leighton of Adelaide House, London Bridge, London EC4A 3HA, tel: 071 623 3144, ref: ILUTUR09995.  
Solicitors for the above-named Company

Handwritten signature or mark in a box at the bottom of the page.

Talks deadlocked over proposed limitation on many solicitors

## Advocacy plan rejected

By Robert Rice,  
Legal Correspondent

MORE THAN two years after the government legislated to end the barristers' 200-year monopoly on advocacy in the higher courts, talks about the terms on which solicitors would gain wider advocacy rights remain deadlocked.

Yesterday the Lord Chancellor's advisory committee rejected the Law Society's latest application for extended advocacy rights on the grounds that additional safeguards are needed before solicitors employed in commerce and industry, government and the

Crown Prosecution Service can be allowed in the higher courts.

The committee, chaired by Lord Griffiths, a law lord, has advised Lord Mackay that there are no objections to solicitors in private practice being allowed to appear in the higher courts.

But changes are needed to the 1990 Courts and Legal Services Act before lawyers working for the CPS and the Government Legal Service are given wider audience rights.

The committee said there needed to be a statutory limit on the amount of advocacy work CPS lawyers were

allowed to do in the Crown Court. The Law Society's current application would allow the CPS and the GLS to do all their higher court advocacy in-house. The committee said that was unacceptable.

The rejection of the society's application represents another victory for the barristers' lobby. Since the 1990 act came into force they have been fighting a strong rearguard action to prevent both solicitors and barristers in the CPS from having the right to conduct Crown Court trials.

The Bar fears that if the CPS is allowed to prosecute in the Crown Court it will lose an

important training ground for barristers, which could threaten the viability of the independent Bar.

The Law Society said yesterday that a division between the rights of employed solicitors and solicitors in private practice was unacceptable and that it would urge the Lord Chancellor to accept its application in its current form.

Mr Mark Sheldon, the society's president, said: "This is a depressing day for the profession and the public. Unrealistic concerns about the CPS are evidently more important to the committee than wider client choice."

## MP's bill for right of appeal over bail

DECISIONS by magistrates to grant bail in spite of objections by the prosecution will be subject to appeal under the terms of a private member's bill approved by the Commons yesterday, Ivor Owen writes.

Mr David Maclean, home office minister, envisaged that new powers in the bill amendment bill would be used in rare cases where there was a serious public interest and good reason to suppose that the defendant would abscond.

MPs accepted amendments made by the House of Lords restricting the right to appeal to the director of public prosecutions or other lawyers designated by the home secretary.

Mr Maclean said 10 per cent of the 481,000 people granted bail in 1991 committed further offences before returning to the court.

There was a hard core of offenders, including burglars and car thieves, who did not respect the courts and needed to be taught a lesson.

## Tougher law on porn video traders

A PRIVATE member's bill designed to facilitate prosecutions against traders in pornographic video recordings completed its passage through the Commons yesterday.

The video recordings bill, already approved by the Lords, provides for the strengthening of the certification system operated by the British board of film classification.

The freedom and responsibility of the press bill, and the right to know bill, were among more than 50 measures which failed to reach the statute book on the final day allocated to private members' legislation.

## Tandem to set up plant in Stirling

TANDEM COMPUTERS, the US computer company that makes systems for large users such as banks, government departments and manufacturers, is to set up a manufacturing operation for its products at Stirling in Scotland. The 124,000 sq ft plant will assemble and test its NonStop computer systems.

The operation will employ 100 people within two years.

## Reserves rise

The UK's gold and foreign currency reserves rose an underlying \$64m (£42.6m) last month, a slightly smaller rise than in May, when they rose by \$78m. The overall level of reserves rose by \$168m, taking reserves at the end of June to \$41.9bn compared with \$41.7bn at the end of May.

## Nationwide reports rise in house prices

By Andrew Taylor,  
Construction Correspondent

HOUSE PRICES rose by 1.6 per cent in June, the largest monthly increase for two years and the fourth consecutive monthly rise this year, Nationwide, Britain's second biggest building society, said yesterday.

Mr Brian Davis, the society's operations director, said, however, that the recovery was "still fragile, with turnover still only slightly above last year's depressed levels".

He said: "The trend in house prices is clearly upwards but increases for 1993 as a whole can still, prudently, only be expected to be modest."

Prices have risen by 3.5 per cent in the first six months of this year according to figures compiled from Nationwide's monthly mortgage sales.

The last time the society

reported a monthly increase of more than 1.6 per cent was in May 1991, when prices rose by 2 per cent.

House prices also rallied in the first half 1991 - increases were recorded by Nationwide in January, March, May and June of that year - only to fall sharply in the second half of the year as the recession deepened.

According to Nationwide the average price of a house in May 1991 was £58,908. That compares with an average price of £53,710 at the end of last month - a fall of almost 10 per cent over two years.

The market is not expecting a 1991-style collapse in prices this year. Nonetheless, there have been signs that some of the steam may have gone out of the housing recovery since Easter.

Nationwide estimated that UK house sales had risen by

about 5 per cent during the first five months of this year but said that increase was from very depressed levels last year.

Halifax, Britain's biggest building society, reported that prices in May fell by 1.3 per cent after allowing for seasonal variations. Nationwide, which does not make seasonal adjustments to its figures, reported a 1 per cent rise for the same month.

Halifax is due to publish its June price index on Wednesday. It said that figures from both societies, "averaged out" over the previous eight months, would indicate a very similar picture of flat house prices.

Halifax forecast that in the second half of this year prices will show a "more consistent pattern of small rather than large price rises as demand for homes increases."

## Lang accused of gerrymandering

By James Buxton, Scottish  
Correspondent

MR IAN LANG, the Scottish secretary, was accused yesterday of gerrymandering in his plans for reorganising local government in Scotland.

The accusations followed publication by The Scotsman of details of Scotland's new council structure. The newspaper said the new system comprised only 28 single-tier authorities compared with the present two-tier system of nine regions, three island authorities and 53 districts.

The Scottish Office refused to comment on the The Scotsman's revelations, but the 28-council structure is believed to be either the final proposal or a late draft and is in line with recent hints from ministers.

Mr Lang is expected to announce the new structure next week.

As expected, the new local authority plans involve the disappearance of four of the nine regions, including Strathclyde, which contains more than two fifths of Scotland's 5m population. The Lothian, Tayside and Central regions which, like Strathclyde, are all Labour controlled, will also disappear.

Scotland's four cities, Edinburgh, Glasgow, Aberdeen and Dundee, will each become unitary authorities. A total of 35 unitary authorities will be created, while the three island councils will be unchanged.

The Scottish Office has argued that local government needs to be reorganised to make it simpler and more economical. Unlike in England, where a commission is taking evidence before making pro-

posals, the Scottish Office has drawn up its scheme following the publication of a consultation document.

Yesterday Labour, the Liberal Democrats and the Scottish National party accused Mr Lang of creating some authorities with anomalously small populations in order to try to protect existing Conservative councils or to construct new ones. The Tories control only five district councils in Scotland and hold none of the regions.

Labour called the leaked proposals an "act of revenge by a government which consistently puts its own interests first". The Liberal Democrats called the plans "grubby electoral self-interest". The SNP said: "The Tories cannot win control of Scotland at the ballot box so they are resorting instead to redrawing the map."

The new map shows Central region being broken in two, with Conservative-controlled Stirling district becoming a new single-tier council and the two Labour-controlled districts of Clackmannan and Falkirk being linked.

A new council called East Renfrewshire would be created around Glasgow by extending the boundaries of Tory-controlled Eastwood district to include the Conservative-voting area of Barrhead. Mr Allan Stewart, the Scottish local government minister, is MP for Eastwood.

The Scottish Office's proposals include replacing Lothian region with a new authority in Edinburgh, and merging Labour-run West Lothian and Midlothian into a single council called the Lothians.

## Call for more local councils in Wales

By Roland Adburgham, Wales  
and West Correspondent

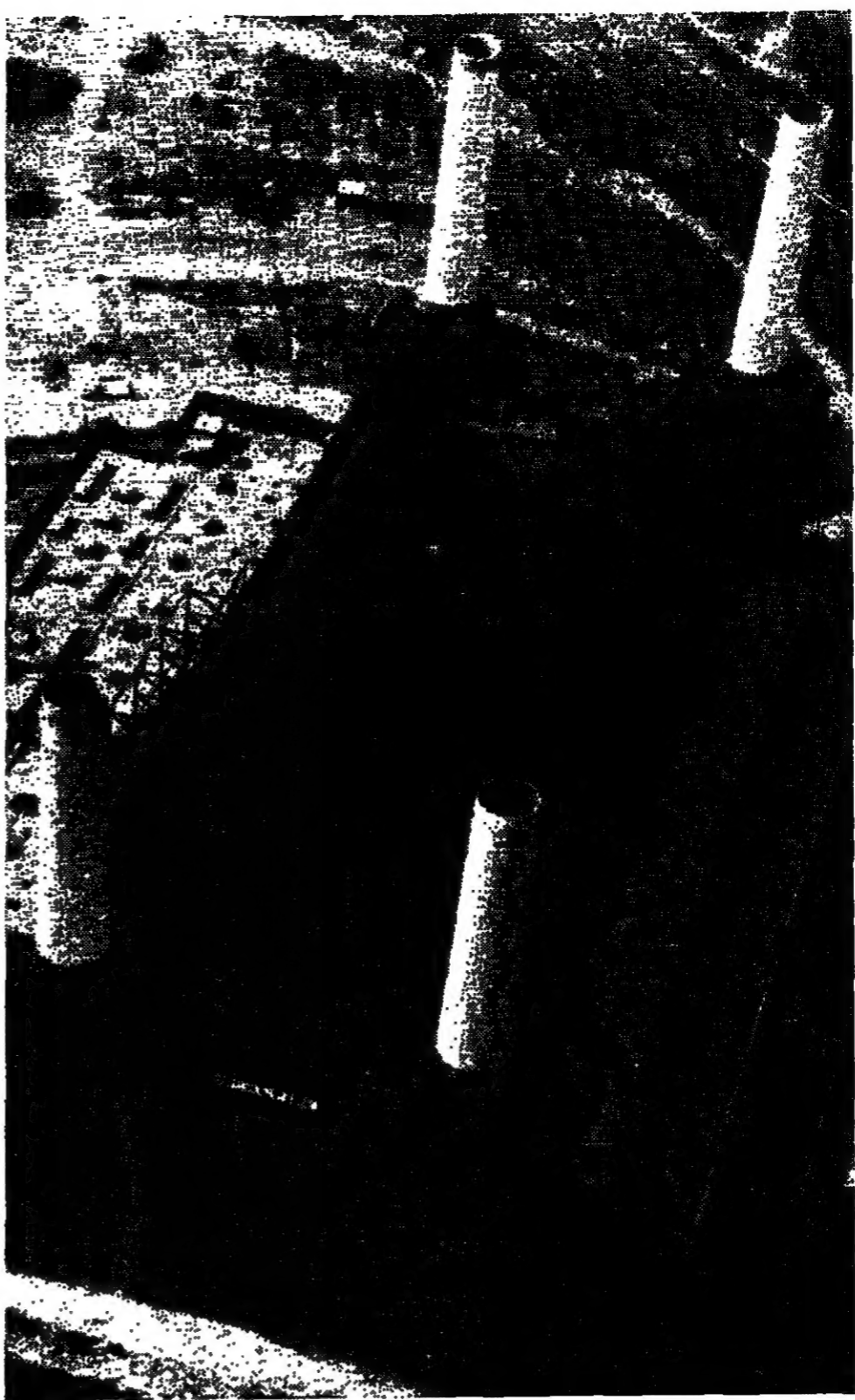
THE GOVERNMENT is being urged by Welsh district councils to increase the number of unitary authorities for Wales under its plans for local government reorganisation.

The Welsh Office has set out in a white paper its intention to have 21 new authorities in place by April 1995, replacing the current two-tier structure of eight county and 37 district councils. But the Council of Welsh Districts argues in its interim response to the white paper that the number should be increased to 27 to improve the community basis of the new authorities.

In particular, the council points out that the single unitary authority proposed for Powys would cover a quarter of the land mass of Wales and be twice the area of any other authority.

Overall, the CWD supports the white paper. It believes a single tier of authorities "will dramatically improve the understanding of local government". It says there has been a full and open process of consultation "which compares favourably with the parallel process of the Local Government Commission in England".

The CWD estimates that fewer than 1,000 council workers' posts will disappear under the reorganisation, out of the 150,000 in Welsh local government. It believes the transitional costs of the reform will be paid back in less than five years.



The former Battersea power station, with its inside gutted, stands forlorn awaiting the next stage in its redevelopment.

The Hwang family, Hong Kong property developers, earlier this year acquired an option to bid for the power station from banks which had previously financed an ill-fated attempt by Mr John Broome, the property developer and

theme-park owner, to develop the 31-acre site. The site on the Thames in London was collateral for a debt thought to total more than £100m, including interest and penalty fees.

The deal has left the Hwang family studying options for acquiring the site from its owner, Battersea Leisure, whose plans to transform the site ran into financial difficulties.

## NHS to employ outside expertise

By Alan Pike,  
Social Affairs Correspondent

THE PRIVATE sector is to be invited to help the National Health Service develop the role of purchasing authorities under the government's health reforms.

Dr Brian Mawhinney, health minister, said yesterday that he wanted all health authorities to have managers with substantial purchasing experience on their staffs within two years.

Commercial organisations will be asked to share their experience of purchasing at health service conferences and meetings. Health authorities will be expected to recruit purchasing staff from the private sector.

Under the purchaser-provider split of the health service reforms the management of hospitals has been separated from the purchasing functions of district health authorities, family health service authorities and GP fundholders.

Until now most attention has been given to developing the provider side of the restructured NHS - by next April 86 per cent of hospitals will be locally-managed trusts. The government will now concentrate on the purchasers.

Dr Mawhinney will take a personal role in the recruitment of part-time non-executive members of health authority boards when vacancies arise, to ensure that candidates are chosen who can contribute to strengthening purchasing arrangements.

It is the purchasing function that will eventually determine the extent to which the contract-based reforms change the NHS. Until now most contracts have been based on patterns that existed before the reforms came into effect. But purchasing authorities are being encouraged to examine how they spend their resources. This will lead to them shifting contracts to hospitals offering better value, and reconsidering spending priorities.

# From a source close to Norman Lamont

"The chancellor's dilemma: an inside view"  
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## Two regions join EC's poorest

"I SUPPOSE you could say it's a bit ironic in public relations terms," an official at Highlands and Islands Enterprise, the development body, confessed yesterday.

"One minute we're telling people how well our economy is doing, the next minute we're getting special EC aid as one of the poorest areas in Europe."

The EC council of ministers was expected last night to pave the way for the Highlands and Islands, along with Merseyside, to be granted Objective 1 status of eligibility for EC structural funds or aid - putting these areas in the same category as Corsica, parts of Greece, Spain, Portugal, southern Italy and Northern Ireland. Visitors to the Highlands who sit in traffic jams in Inverness, one of the fastest growing

towns in Scotland, or see the trim, double-glazed croft houses along the west coast, will wonder whether the Highlands merit this category.

The population of the Highlands, in decline for more than 150 years, is growing again, partly because people have moved in from England and other parts of Scotland, attracted by the quality of life and the greatly improved roads and telecommunications. Several parts of the Highlands - the Shetland and Orkney islands, Caithness and the Inverness area, do not qualify for UK regional assistance.

"The figures speak for themselves," said HIE, explaining why the area, home for 370,000 people, should receive £260m a year from Brussels over the next six years, compared with

the annual £73m it obtained from the European regional development fund between 1988 and 1991.

The figures, preparation of which involved "some clever manipulation", according to a consultant involved in the process, show that gross domestic product per head in the Highlands was just over 75 per cent of the EC average, the threshold for Objective 1 status.

Away from the more prosperous areas are places such as the Western Isles, where the population is still falling and morale is low. The Moray Firth area is suffering because of the rundown of two big oil platform construction yards.

In Caithness the Dounreay nuclear plant is shedding jobs as it heads towards shutdown. Unemployment in the High-

lands has increased by 2 percentage points in the past year to reach 10.8 per cent last March.

The new EC cash would be spent on transport facilities, factories and training.

As for Merseyside, which could gain £1bn over six years, its GDP per head was 79 per cent of the EC average for 1988-90, but was falling at a rate of 2 percentage points a year, and was already at 77 per cent at the beginning of 1991. One in four men is jobless.

Projects are expected to include an extension of Waverley Technology Park and a spur from the M57 and M62 to Speke, near Liverpool Airport.

James Buxton  
Ian Hamilton Fazey

## FINANCIAL TIMES

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Saturday July 3 1993

## Still waiting at the G7 table

BEING A WORLD leader may, at times, be a hazardous and taxing business but it also has its compensations. One such perk, available only to the top seven, developed country premiers, is the right to attend the annual meeting of leaders of the group of seven industrialised countries. For G7 summits, while often unproductive in terms of tangible decisions reached, are never short on pomp and circumstance. Next week's gathering in Tokyo is unlikely to be an exception - on either score.

Yet G7 summits cannot be ignored. For the richest seven countries together account for about half the world's income and purchase nearly half of developing country exports. The policy decisions they may or may not make, either individually or collectively, will have a profound influence on economic prospects of the countries beyond their shores. So the rest of the world is right to pay attention.

G7 economic growth affects most things. It determines the volume of trade these seven countries conduct with the rest of the developed and developing world and it influences the commodity prices at which much of this trade occurs. It also determines the extent to which populations will tolerate trade flows, or whether they will embrace protectionism.

On growth, the outlook remains bleak, as the Organisation for Economic Co-operation and Development pointed out in its latest yearly report. The OECD expects G7 output to grow by a meagre 1.3 per cent this year, down from 1.6 per cent in 1992. G7 import growth is expected to slow to 3.3 per cent from 5.1 per cent last year.

## Downside risks

Next year should be better, at least according to the OECD's statistics. G7 growth is expected to accelerate to 2.8 per cent. But the authors of the OECD report are sceptical, not surprisingly after three years of predicting recoveries which have failed to materialise. "A general pick-up of activity across the OECD area is still some way off," they write, pointing to four downside risks to the forecast, all of which have some bearing on the proceedings at next week's summit.

First, those G7 countries which have been able substantially to cut interest rates - notably the US and Japan - remain dogged by heavy debts and depressed confidence and may not deliver growth next year of 3 per cent or more upon which the OECD forecast depends.

The Japanese economy, despite feeling the stimulus of a substantial easing of fiscal policy, a royal wedding and now a G7 summit, shows no sign of taking-off. Mean-

while, yesterday's news from the US that manufacturing employment fell by 53,000 last month, and that total employment rose by only 13,000 against expectations of a rise of 130,000, confirms recent indications that the US recovery is faltering again.

Pressure for further Japanese interest rate cuts will certainly be part of the American lobbying for more growth-friendly G7 policies, but for the US the evidence does not suggest that low interest rates are enough.

## Interest rates

The second, and more serious, risk is that continental Europe will not even have the chance to discover whether low interest rates will do the trick for them. For, as the OECD points out, European interest rates remain much higher than warranted by domestic economic conditions.

This week's half point cut in the German interest rate floor allowed Europe a little room for manoeuvre, which the increasingly daring Banque de France immediately gobbled up by again pushing its intervention rate below the Bundesbank's discount rate. Yet central bank rivalry aside, neither can claim to be defending anything other than an increasingly vulnerable currency given the depressed states of their respective economies.

What the G7 and the world desperately need is either a decisive German rate cut of at least two percentage points or a political deal to release Europe's economies from Bundesbank control. There is no sign of either.

The third OECD concern is that the beneficial effects on long-term interest rates of fiscal consolidation in the US, Germany, UK and Italy may be offset by the short-term effects on demand. This seems esoteric given the generally paltry scale of these fiscal measures. The more important risk is that the cuts in structural budget deficits will come too slowly, if at all, leaving long-term interest rates painfully high and thus cancelling out the beneficial effects of aid from the G7 to the developing world over the next few years.

But the OECD's final concern is probably the most serious: that US and European fretting about Japan's trade surplus, combined with slow or no growth, will finally abort the Uruguay round of trade talks and usher in an era of protectionism from which everyone, but particularly the developing world, will lose. If they take steps to avoid this prospect, the G7 leaders can be indulged in their sabbatical drinking and noodle slurping. If they do not, then it will be at Tokyo that the G7 failed the world.

Al the usual clichés could apply to Bill Clinton's raid on Tokyo next week with the intent of breathing a little life into the 19th summit of the Group of Seven industrialised nations.

But this president of the US is not world weary. Uncrossing his long legs and leaning forward in his arm chair in the Oval Office yesterday morning, he makes, as a less fortunate previous president used, some things perfectly clear.

"The tone, the atmosphere, the ideas that are discussed may be far more important than what comes out of the communiqué," he says. There can and will be no question of a lack of US leadership. "Our job is to lead," he announced with perfect conviction. "I think it is difficult to do this when you've got problems of your own, but there's a tidal wave of global change going on."

"Look at the resources we have. We have innovative workforces, we have great bases of technology, we have an understanding of how the world works economically. I think we have within our power the means to move forward and break out of this problem we're in. But only if you have the courage to keep changing it."

"If nothing else, if we can agree to take an expansive view of our future and to take account of our strengths," then the G7 process will continue to serve a purpose.

He was responding to a series of questions from journalists from each of the other G7 nations, of which the FT was the UK newspaper representative. Most of them reflected the general prognostications that the auguries for Tokyo and the US role are, at best, mixed. It will be his first summit "test of leadership", only his second foreign foray, after the Vancouver session with President Boris Yeltsin of Russia early in April.

Cuts in German interest rates, a Japanese stimulus package and progress in reducing the US budget deficit may be beneficial to world growth, but the overall economic prospect, especially for unemployment, remains gloomy.

For the fourth consecutive annual conclave, political agreement on the Uruguay Round of trade negotiations seems yet again elusive, with this week's French steel-targeted Exocet making Balladur the new seriously dirty word in the upper echelons of the US administration.

Grand American plans for Russian privatisation have been scaled back by other G7 reservations before being presented to Mr Yeltsin on Friday. Bosnia remains a source of deep division and heartache, while Japan, in effect without a government pending elections, is currently less amenable to a new approach to bilateral frictions. Another debacle like last year's summit in Munich could, perhaps even should, mean the end of the G7 process as currently practised.

Still, as the corry jobs doing the rounds in Washington goes, "at least Bill Clinton is going to be the only head of government in Tokyo with a popularity rating higher than the prime rate." This may be unfair to Kim Campbell, the new Canadian prime minister, and it disguises the fact that Mr Clinton himself still has, last weekend's raid on Baghdad notwithstanding, the lowest popular approval of any president at this stage of a first term.

But greater expectations still attach to him in Tokyo than to the tired or weak veterans, Messrs Mitterrand, Kohl and Major. As Bob Hormatz, the first US "sharp" put it this week, summits are all about

President Clinton outlines his views on trade, world growth, unemployment and the US budget deficit to Jurek Martin

## Getting to know all about you

"the US will to lead", and never more than this one.

At 10.45 yesterday morning, in the Oval Office, Mr Clinton seemed unfazed by all this. He was, naturally, running on Clinton Standard Time - an hour late - but he had warmed up earlier by giving a press conference on US military base closures at home and overseas. Earlier in the week this notorious night person had noted that though he rose each morning at 6.00 he could take no responsibility for anything that came out of his mouth before 9.15. His face was ruddy, his suit was grey, his shirt white and he was wearing a cheerful colourful tie from the Save the Children Fund. There were no aides around to correct him or for reference.

This was Mr Clinton at his most eclectic and misadventurous, with more than a touch of diplomacy. Yes, it was important that the G7 leaders give a decisive push to completion of the Uruguay round of trade negotiations, but he would not be drawn into speculation about the consequences of failure.

The G7, he said, was obviously pivotal on the trade front but there were lots of other nations with a huge stake in the outcome. He implied that the optimal result, from his vantage point, was that the summit should "increase the chances" of the Uruguay round being successfully completed by the end of the year.

He was proud that the US was finally doing its bit to contribute to global growth by cutting its own budget deficit, as, he noted, "every other nation has been demanding of us at every summit for years". But the important recognition was that "we are a global economy".

"The US deficit causes imbalance in the global economy. By bringing down the deficit, and with interest rates coming down, I can get a little bit of growth here by what we do. But in the end this will only work if Japan has growth, if Europe recovers, and if what we do in the G7 is complementary. This is why the G7 can make a difference." The main problem, he said dismissively, is that "we're hung up on getting every little word right in the communiqué".

"Policy 'work' that he is known to be, he expressed genuine enthusiasm for getting stuck into the micro-economic and structural problems affecting all nations, especially over unemployment, citing both Japan's and France's current but different difficulties in creating new jobs. He wanted all this to be studied "informally" in Tokyo and "thoroughly" thereafter. "There should be enough time for serious discussion among the leaders without a lot of bureaucratic rules and regulations."

Though he was far too diplomatic to say so in the presence of a senior Japanese journalist who had flown in from Tokyo for the occasion,



Bill Clinton: "We have the means to break out of this problem we're in"

other members of his administration, remembering Munich, have said openly that there should be a minimum of photo opportunities and a maximum of talk. Mr Clinton did, however, express interest, his Secret Service permitting, in sneaking off for a quiet meal in some modest Japanese restaurant.

That other capital of gastronomy, France, has profoundly irritated the US this week on the trade front. Pressed on this, Mr Clinton drew some careful and diplomatic distinctions. "If the US was wrong in fact" on the steel-dumping case this was a proper subject for discussion. But there was no question that US law was "clearly Gatt-consistent", con-

trary to the allegations of Mr Edouard Balladur, the prime minister. Getti rules, he noted, "say that every country - including France - can act in its own interest if the international trading system breaks down".

"If France wants to propose stronger multilateral (enforcement) mechanisms than in the Gatt, I would be happy to consider them."

Mr Clinton was also ebullient towards Japan, at least in the general sense. He viewed - and he hoped the Japanese people shared his view - that the current turmoil in Japanese politics should be seen with excitement and interest, not with temuous concern. It is a pos-

sitive thing for a great democracy." He ventured no speculation as to who would emerge next on top of the Tokyo political heap, but was confident that it posed no threat to ties with the US. "In many, many ways, it is our most significant bilateral relationship and the key to what happens between the US and Asia."

Europe, equally, was to be reassured about the US commitment. Disagreements over Bosnia, Mr Clinton said, had indeed been a headache. Germany agreed with the US on the arming of the Bosnians, but Britain, France and Russia did not. He remained convinced that his approach was right. But this divergence constituted "no reason for the US to give up on Nato or the Atlantic alliance".

The president even carefully avoided an opportunity to criticise the Bundesbank for being too slow in cutting interest rates, though he did praise the latest reduction. "I recognise that all nations which have independent central banks are very sensitive to internal political criticism - and even more so to external political criticism." He merely said the US needed an economically healthy Europe, not least as a market for US goods, and that, as a result, "the condition of the German economy is very critical for all Americans".

He also preferred to cast the cause of aiding Russia more as an example of US leadership than as evidence of disagreement among the leading industrialised powers. "The major crisis of democracy in Russia," he said, "is the big issue we are facing and we have done it very well," through US programmes and now new loans from the International Monetary Fund, approved this week.

Similar confidence was applied to another grand project which, though not on the G7 agenda, found itself in renewed trouble this week, the North American Free Trade Agreement with Mexico and Canada. He described Wednesday's legal ruling requiring the US to come up with an environmental impact statement before presenting the agreement for congressional ratification as "narrow". He believed "we can win the appeal within the time limit" (mid-December) and might even be able to address specific environmental concerns within the next few months.

Without NAFTA, "it is not easy to articulate the jobs argument", making attacks on it by the likes of Ross Perot "superficially" appealing. But he had no doubt that the economic benefits to both the US and Mexico would soon become apparent and it would pass Congress, even though he conceded that in the House, not the Senate, "the voters are not there today". He added, "we must tell Congress the consequences of not passing NAFTA - it means more illegal immigration, fewer jobs here, and a much poorer Mexican economy."

As he warmed to his task throughout the interview, you could see why Mr Clinton often runs late. Each question received careful attention and a lengthy considered reply, a harbinger for what is going to take place in Tokyo next week. Only once did he even half-acknowledge that the G7 might be experiencing a leadership crisis and for that, too, he had an answer.

"I've only been president five months and there are new governments in France, Canada and Italy. A lot of us folks, we don't all know each other."

The normally unflappable senior ITV executive, Mr Andrew Quinn, allowed himself just one pointed comment as he walked through the central lobby at Westminster on Thursday.

"I wonder if any of them have ever been in business?" he asked of the MPs on the national heritage select committee who had just given him a grilling.

The session had been called to consider the ITV companies' view on the future of the BBC. At the last moment it was transformed into a prolonged and occasionally had-tempered interrogation of ITV executives on how they could dare consider moving a British institution - News at Ten - to an early evening slot.

Emotion had already been heightened by the unprecedented intervention of both Mr John Major, the prime minister, and Mr John Smith, Labour leader, who made it clear they opposed such a move.

But the performance that

## Some MPs seemed unaware that the 1990 Broadcasting Act reduced ITV's public service commitments

unfolded in Committee Room 15 was still extraordinary. The ITV executives wanted to talk about the business, market and competition background to their proposal and how they were losing out to other channels at 10 o'clock.

The MPs on the committee - a majority of them Conservative - wanted to talk about public service broadcasting obligations. If News at Ten perished, the public would no longer see live votes in the House of Commons, and would have to wait until 11pm for late-breaking stories from the US or the evening football results.

"Margaret Thatcher told us not to talk to her about public service broadcasting. We were all told to become market people," said Mr

Greg Dyke, chairman of the ITV Association, the umbrella organisation of the ITV network. On Thursday he was still rubbing eyes in disbelief at what he saw as the lack of knowledge of some of the MPs, who seemed unaware that the 1990 Broadcasting Act reduced the public service commitments of ITV.

If parliament wanted News at Ten to stay put, why did it not say so, Mr Dyke asked. The act simply stated that ITV should run high-quality news "in prime time" defined as between 6.30pm and 10.30pm. The ITV executives were repeatedly questioned by the committee about why they should be trying to make such an apparently radical change just six months into their new 10-year franchises.

"When you start losing market share, you do something about it. You don't wait for five years," said Mr Quinn.

ITV makes 70 per cent of its annual £1.6bn revenues in prime time, so there was a commercial imperative to win every time slot in the ratings to maximise revenues, he argued.

The ferocity of the debate over News at Ten has meant a busy and uncomfortable week for some of the movers and shakers of ITV. Mr Michael Green, chairman of Carlton Television, the London weekday company, and also chairman of ITN, was giving private assurances that moving News at Ten had not been his idea, although Carlton Television executives had clearly supported the concept.

As ITN chairman, he issued a statesmanlike comment on Wednesday, saying, "It is clearly right for the television companies to take time to allow for a measured consideration of the issues."

Mr Leslie Hill, chairman of Central Television, the second-largest ITV company, said of the News at Ten debacle: "We have handled the whole thing very badly. This has obviously hurt ITV." Mr Hill has consistently argued that there should be fewer, larger ITV companies, and that the rules preventing the nine largest taking each other over should be relaxed.

The fear is that, as Mr Peter Brooke, the national heritage sec-

## MEN IN THE NEWS: The ITV Bosses

## Bongs of Big Ben sound the alarm

Raymond Snoddy on Fiasco at Ten



Talking business: (left to right) Gerry Robinson, Leslie Hill, Michael Green and Sir Christopher Bland

retary, pointed out, hostility in parliament to the notion of moving News at Ten could easily spill over into opposition to releasing the takeover rules.

Another leading ITV boss, Sir Christopher Bland, chairman of London Weekend Television, wrote rather plaintively to the Daily Telegraph, pointing out that the British attachment to ancient regiments, schools clubs and hospitals was leg-

endary. "But to a time?" he inquired. By the middle of the week, Sir Christopher was giving up any hope that changing the time of the evening news could be considered rationally - at least until the dust had settled.

To Mr Gerry Robinson, the softly spoken chief executive of the Granada Group, the episode shows just how difficult it is to reach sensible commercial policy decisions when

you are dealing with 15 companies. "It was much more muddle than conspiracy," said Mr Robinson, who believes that a rationalisation of the number of ITV companies is now needed.

The immediate row over News at Ten is likely to fade as ITV chiefs try to distance themselves from the embarrassment. At Monday's meeting of the ITV Council, which brings together the chief executives

of the companies, there will be calls for further research and a prolonged period of consideration.

What has been highlighted is the unresolved contradictions and conflicts in the 1990 Broadcasting Act between commercialism and public service broadcasting obligations. This is just the first skirmish. The issue is unlikely to go away as the speed of technical change accelerates and competition increases.

Although ITV is still riding high in the ratings, with an 8 to 10 per cent lead over the BBC, the 15 regional companies face a series of potent threats and uncertainties.

Channel 4, which since the beginning of this year has been selling its airtime competitively against ITV, is estimated to have taken as much as 15.5 per cent of television advertising in some months. Mr Stuart Butterfield, Channel 4 director of marketing and sales, says that some advertisers are now buying national channels such as Channel 4, GMTV, the breakfast station and satellite television first, before going on to negotiate with the ITV companies.

Back in 1989 Mr Dick Emery, now marketing strategy director at ITV, forecast in a speech that, if Channel 4 was allowed to sell its advertising nationally, the impact "would be dramatic".

As a result of growing competition, ITV could lose 4 per cent of its revenues this year, a serious matter in a largely fixed-cost business. Its costs include a £540m network programme budget for 1993; an annual £83.6m inflation-linked news supply contract over five years with Independent Television News. In addition, the companies will pay the government £36m this year - the proceeds of competitive tenders for new licences and a slice of advertising revenue. Under the old system, it would have been about £150m.

The Independent Television Commission, the regulatory body, suggested this week that many channels could be created by moving to digital rather than the existing analogue broadcasts. Unless ITV gets its hands on some of those channels, according to Mr Guy Lamming, media analyst at James Capel, the stockbroker, "it will be terminally bad news".

In September, British Sky Broadcasting, the satellite venture, plans to launch a subscription package of 14 channels for £5.99 a month - free to existing subscribers. The consortium, in which Pearson, owner of the Financial Times, has a significant stake, hopes to increase the package to as many as 30 channels. Mr Dyke concedes that by 2000 - certainly by 2005 - cable and satellite could be in most UK homes.

Further uncertainty for ITV appeared this week when Granada paid £27m for a 15 per cent stake in London Weekend Television. This helped to push up the share price of other ITV companies which might be prime takeover targets - Central, Scottish and Anglia. Such companies are now valued on the expectation that the law will be changed to allow takeovers. If it does not, as James Capel says, "their share price could be coming whizzing down".

The ownership dilemma is compounded by the fact that, from January 1, European Community companies will find it easier to take

## While ITV has an 8-10 per cent ratings lead over the BBC, the 15 regional companies face some potent threats

over an ITV company whether or not the rules are relaxed for the ITV companies. Mr Robinson of Granada believes it inevitable that someone will come into the UK market from the continent.

If the barriers to ITV companies taking each other over come down, then Mr Green of Carlton and Mr Robinson of Granada are well placed to become the dominant players in the industry because they have the weight of large corporations behind them.

Meanwhile, as the companies press ahead with cost-cutting and streamlining to meet competition, they will do so with the bongs of Big Ben still introducing News at Ten - whatever comedy Channel 4 chooses to schedule against it.

Handwritten text in Arabic script: "مكة امه لاني"

# Macho managers under fire

Lucy Kellaway examines the toll taken by heavy workloads

James Sullivan leaves his home in Dorking, Surrey, at 7am for his office in the City of London, and returns every night just after 9pm. He is in his early 40s and has three children aged eight, six and two. He fears that if he does not work so hard he will lose his £75,000-a-year job. But if he continues to put the hours in, he may lose his wife and his children.

Like other unhappy and unwilling workaholics, Sullivan is suddenly not political property. This week Alistair Burt, a junior minister at the Department of Social Security, declared the "outrageous time commitments" that companies demand from their employees. He warned that heavy workloads were helping to push one in two British marriages towards divorce, were making workers unhappy and turning the offspring of wealthy parents into deprived children.

Meanwhile, the tabloid press has taken up the cause of the neglected wives of Britain's bosses. Lady Brookes, wife of the ex-boss of Trafalgar House, and Lady Reid, wife of the chairman of British Rail, were among those who recently unburdened themselves to the Daily Mail, and spoke up about the loneliness of being a tycoon's wife.

Recent research by the Industrial Society shows that British managers work an average of 55 hours a week, in blatant disregard of their contracts, most of which specify between 35 and 40 hours. A Mori poll last year of 200 directors showed that nearly half started work before 8am, and a quarter were still working after 8.30pm. About two-thirds worked at least one weekend in four, and more than half found that they could not take their full holidays.

These habits of macho management are becoming increasingly entrenched. One reason is the recession: those who feel their jobs are at risk are spending more time in the office. The second reason is the "de-layering" of organisations: the removal of many layers of managers has left those remaining with more to do. A survey carried out last year for the Institute of Management found that most middle managers had taken on new tasks, and had little choice but to work longer and harder as a result. A manager at IBM admitted this week that, as the company moved to rid itself of thousands of people, remaining managers were working 12-hour days and more.

Professor Charles Handy, visiting



professor at London Business School, says: "We have half the number of managers as before, paid twice as much and expected to be three times as productive. It leads to stress."

According to Zelda West-Meades of Relate Marriage Guidance, overwork is a common cause of marriage failure. "There is a lot of arguing at the end of the day when the man gets home. He feels very stressed and has little left to give, and is often too tired to make love."

The problem has been made worse by the fact that some two-thirds of British managers now have a working wife. "In the old model, the woman was at home providing solace and support. Now women are telling men to share their domestic responsibilities," says Cary Cooper, professor of

organisational psychology at University of Manchester Institute of Science and Technology. So how much work is too much? Cooper says that few people can sustain more than a 40-something-hour week. "It is lunacy consistently to work a 60-hour week. These managers are just burning out."

Some managers, rather than burn out, get out. Last month Brian McGowan decided that he had had enough of being chief executive at Williams Holdings, and now the 48-year-old is waiting for fish to bite on the river Test. But not everyone is so lucky. McGowan retired, having amassed enough money to contemplate a life of leisure. For most managers there seems little alternative to the hard grind.

How can excessive working hours be changed? The question is seen as increasingly important, not just in terms of saving the hearts, livers and marriages of male managers. Long hours discriminate against women managers, whose domestic duties may prevent them from working round the clock.

"Men tend to get promoted because they spend longer in the office," says Roger Young, director-general of the Institute of Management. "What we all want is more flexibility in terms of the working week, and when we get it we will see more women in management."

Prof Handy argues that one solution would be to put people in control of their own time. "Instead of buying people's time and ordering them how to use it, companies should put people

into groups and set goals for what they should deliver," he argues. Even this might not be the answer to long hours. He admits that people may be their own worst employers, driving themselves as hard as any corporation.

Another answer lies in better use of time. According to the Industrial Society, British managers waste more than 20 per cent of their time in meetings that need not be held, and shuffling paper. They also fly off on business trips, without any clear idea about what they are trying to achieve.

Above all, the problem of overwork will not be solved until company attitudes change. Prof Handy maintains that corporate fashions are led by elites, so that people at the top need to change their ways first. Until recently most of the big corporate successes have been workaholics and proud to admit it.

But there are glimmers of change. Sir John Collins, chief executive of Shell UK, attacks the idea that working long hours necessarily means doing the job well. "The quality of the time is much more important than the quantity. I would much rather see a manager who had visited one offshore platform and had an impact there, than someone who had helicoptered round it in a day," he says.

Sir John ridicules the culture whereby people go home, leaving their jackets on the chair to make it look as if they are still there. While others may brag about how hard they work, his boast is that he never works weekends.

Government ministers such as Burt may attack the workaholic culture, yet they themselves score higher than most as absentee parents and spouses. MPs work long and unsocial hours with frequent midnight sittings of parliament; ministers work harder still.

Lord Young describes his hectic day as chairman of Cable and Wireless as leisurely compared with his time running the Department of Trade and Industry. He, like a small number of successful, mostly male, managers, seems to thrive on the long working days, the papers to read at night, the business dinners and the permanent jet lag. But as Cooper points out, the top people are self-selecting, and for each of them there are many hopefuls who have fallen, wounded, by the wayside.

The summer of '93 is shaping up as a big hit for Hollywood, writes Martin Dickson

## Monster movies

Forgive the inhabitants of Beverly Hills this weekend if they indulge in bouts of self-admiration even greater than normal.

This week has brought evidence that the summer of 1993 could be shaping up as a good one for the US film industry, despite early flops which had some critics writing it off as a "summer of stinkers".

The biggest hit seems certain to be Jurassic Park, directed by Steven Spielberg, of Jaws and ET fame. It has been breaking industry records since it opened.

As every human susceptible to the Hollywood publicity machine must now know, it is a tale of dinosaurs brought back from extinction, which proceed to run amok in a tropical theme park. The stars of the film are the extraordinarily life-like reptiles, created by computer graphics, which provide viewers with an entirely new dimension in cinematic terror.

But the past 10 days have also seen the release to big audiences (but mixed reviews) of two more movies with substantial hit potential: Sleepless in Seattle, a romantic comedy featuring Tom Hanks and Meg Ryan; and The Firm starring Tom Cruise, a thriller about a crooked law firm based on the best-seller by John Grisham.

The summer season is one of the two most important times of the year for the US movie industry, which releases its most popular films now or at Christmas, when people tend to have more leisure time. The three and a half months of summer generate about 40 per cent of annual US box office revenues.

So far this summer US ticket sales are up 7 per cent on 1992, according to Mr John Krier, president of Exhibitor Relations, a film industry consultancy, who reckons that a host of films only now being released will provide a "second wave" of momentum.

"It's going to be a big summer," he says, "probably a record breaker, passing 1989." That summer was the industry's best, with US box office receipts soaring well over \$200, thanks to such movies as Batman, Lethal Weapon 2, Honey I Shrunk the Kids, and When Harry Met Sally.

If the predictions are right, there will be a much-needed psychological boost to an industry which has seen the volume of US ticket sales edge down in each of the past three calendar years, and is suffering from a decline in the numbers of 13- to 25-year-old Americans - traditionally the most avid movie-goers.

However, the upturn will not necessarily put the industry in better financial health. For the number of films being released, this summer is unusually large - about 60, up by a third from last year, which far outstrips any likely improvement in revenues.

One of the biggest winners among the top Hollywood studios appears to be Universal, part of the MCA entertainment group, which is in turn owned by the Japanese electronics company, Matsushita. Universal is behind Jurassic Park, which smashed through \$100m in box office receipts just nine days after its release, beating

the record of 10 days set by Batman in 1989.

Industry observers reckon the film could challenge Spielberg's own record for the best-selling movie of all-time, set by ET, which grossed \$399m in the US between 1983 and 1985. However, allowing for ticket price inflation, Jurassic Park would need to top \$850m genuinely to beat ET, and that seems unlikely.

Jurassic Park certainly needs to be a monster hit, for Universal reportedly invested well over \$100m in making and then heavily marketing the movie, with an estimated \$25m spent on creating the dinosaurs alone.

Columbia, part of Japan's Sony group, is thought to have poured about \$100m into the early summer's other hugely promoted film, Last Action Hero, starring Arnold Schwarzenegger, the lantern-jawed muscle man who habitually terrifies villains with extreme violence in blockbuster action movies. Schwarzenegger received an up-front fee of \$15m.

However, the film has not been a great hit. Observers reckon it may gross only \$50m to \$60m in the US and will have to rely on overseas sales to recoup its costs.

Unlike a traditional action movie, Last Action Hero aims for a degree of sophistication, gets confused and falls between all sorts of stools.

It contains a complex film within the film and numerous gags about classic movies, including a walk-on role for Ian McKellen, playing the figure of Death from Ingmar Bergman's Seventh Seal, let loose in present-day Manhattan.

But Sony, Matsushita's long-time rival, has other potential winners in its hand - and it needs them badly, since its US entertainment industry profits are now playing a big role in offsetting the poor state of the Japanese electronics market.

Its Tri-Star studio is responsible for Sleepless in Seattle, which was directed by Nora Ephron, author of the 1989 hit When Sally Met Harry. And later this month Columbia will release a new Clint Eastwood film, In the Line of Fire, which deals with an attempt to assassinate the US president.

Perhaps more than any other big studio, Paramount needs a string of hits to bolster the lacklustre profits record of its parent, Paramount Communications. It had a strong performer earlier this year with Indecent Proposal, featuring Robert Redford, but then stumbled at the start of the summer with Silver, starring Sharon Stone, Hollywood's latest sex symbol.

Critics panned the film. Now, however, it may have a blockbuster on its hands with The Firm, which grossed \$7.3m on its first night.

Neither Walt Disney nor Warner Brothers, part of the Time Warner media empire, seems to have anything as strong, though Disney's What's Love Got To Do With It - a biography of rock star Tina Turner - is playing well, compensating for the company's flop with the comedy Super Mario Brothers.

But while the summer is young, dinosaurs seem set to rule the film world.

## The Insignificant Seven

Peter Norman on what to expect from the G7 summit in Tokyo



Getting to know you: Canada's Kim Campbell (left) and Italy's Carlo Azeglio Ciampi are among the first-time summiters

ing raises the following questions:

Who attends? The G7 leaders, their foreign and finance ministers, and the European Community, represented this year by two Commission vice-presidents and the prime minister of Belgium, which holds the EC's rotating presidency. Mr Yeltsin joins on a "G7 plus one" basis to make clear that Russia is separate from the main group.

This year, there is one notable absentee, Mr Edouard Balladur, the French prime minister, who has probably realised that he has nothing to lose and perhaps much to gain by steering clear of the event. Mr Jacques Delors, the Commission president, will be absent because of illness.

The summiters will be supported by small armies of officials and the talks will attract about 4,250 reporters out of a total cast of 11,400 media folk. Why do they bother? Largely habit. This year's summit will be the 19th since the former French president, Valéry Giscard d'Estaing, decided to invite the leaders of the US, West Germany, Japan and Britain for a "fireside chat" in the chateau of Rambouillet in 1976 to discuss economic problems following the first oil price shock.

Since then, the summits have ballooned to include political and foreign issues which form the subject of a political

declaration, issued on the penultimate day of the talks. The economic discussions are the basis of a communiqué issued at the meeting's end. Summiters are also grandiose media events, although leaders now realise that there are not many votes in televised conspicuous consumption during recession. There will be a strong "get to know you" flavour about this meeting. It is President Bill Clinton's first G7 summit, while the Italian and Canadian prime ministers have assumed power since his inauguration. France's veteran Socialist president, Francois Mitterrand, will head a delegation from the centre-right government that took office in March.

What's on the agenda? The main economic issues are world growth (or the lack of it) and unemployment; trade, focusing on the stalled Uruguay Round of liberalisation talks, and help for Russia. The political discussions will focus on regional conflicts such as Bosnia and Cambodia, the non-proliferation of nuclear weapons and strengthening the role of the United Nations. The latter two issues concern Japan, which is fearful of North Korea developing

nuclear weapons and wants a permanent seat on the UN Security Council.

What can we expect? Few concrete decisions. In time-honoured fashion, the summit has been preceded by a downgrading of expectations.

Following a US initiative, the G7 is trying to reach agreement in Tokyo on an extensive tariff-cutting package to give new impetus to the Uruguay Round talks. But progress on "market access" has been slow in preparatory "Quad" talks (involving the US, EC, Japan and Canada) and hopes are dwindling of a breakthrough when Quad negotiators meet in Tokyo on Tuesday.

The G7 leaders hope to build on the support package agreed by their foreign and finance ministers with the Russians in April. The summit has been preceded by some useful progress: this week the International Monetary Fund approved a \$1.5bn loan for Russia from a new "systemic transformation facility". The G7 will probably back a fund to assist Russian privatisation, which the US says could total \$2bn. Mr Yeltsin can expect strong political backing, reflecting a G7 wish to involve Russia more closely in managing the problems of the post-cold war world.

But the US's trading partners have rejected as impractical a US plan to set a common 3 per cent growth target for the

G7 countries. Germany's interest rate cuts this week will mitigate but not terminate criticism of the Bundesbank's tight monetary policy. Japan will come under pressure, from the US in particular, to expand its economy and open its markets to reduce its huge trade surplus. But despite Mr Miyazawa's recent parliamentary defeat, Japan's government has so far been resolute in resisting what it considers pressure for "managed trade" and in insisting that it can do no more to boost its economy beyond the fiscal stimulus packages of last August and April this year.

Have summits ever achieved anything useful? Rarely. The law of diminishing returns has been operating with a vengeance as summit after summit has vainly tried to give the Uruguay Round a "push". The 1988 Toronto summit agreed to ease the debt burden of the poorest developing countries. The first and last big summit agreement was in 1978 in Bonn when a co-ordinated growth package was agreed. It failed soon afterwards amid recriminations.

Does it matter if Tokyo fails? It is doubtful whether the Uruguay Round could survive a total failure to make progress in next week's talks. If the summit ends in recrimination, some G7 leaders will call for a radical pruning or even an end to this annual ritual. Defenders of G7 summits have always argued that the talks, though often inconclusive, have kept protectionism at bay. If Tokyo lives up to the worst expectations, they will not even be able to say that.

## Contracting-out plan is asking too much

From Barry A Reamsbottom.

Sir, The fact that the minister for market testing, William Waldegrave, believes a letter from the prime minister will sort out the dire mess his contracting-out programme is in demonstrates just how out of touch he is with the situation in departments and agencies. ("Major intervenes over market testing delays", June 28).

Next week, my union will be publishing a study based on the detailed analysis of almost 200 current market tests. The report reveals that almost half of them stand little realistic chance of being completed by Mr Waldegrave's September 1993 completion date.

As the second round of tests is due to begin shortly afterwards, we expect that mean backlog will effectively mean departments having to undertake more than 500 tests over the next 12 months. Since £10m has already been spent to get less than a dozen contracts in total, the overall cost of this exercise is likely to be immense.

Apart from not having the

resources to carry out contracting out on the scale set by Mr Waldegrave, departments are still in a state of near paralysis over his repeated refusal to say whether the Transfer of Employment Regulations will apply to central government work. This has resulted in contractors putting in two bids for each contract on a Tupte and a non-Tupte basis. Our analysis reveals that for every 10 contracts tendered, departments are having to evaluate an average of 200 bids.

Instead of getting the prime minister to write him a wee note, William Waldegrave should admit that he is asking for too much, too soon, and call an immediate moratorium on further market tests. If he does not, the chaos and confusion will only intensify, at great cost to the taxpayer, as well as to the overall detriment of our public services.

Barry A Reamsbottom, general secretary, Civil and Public Services Association, 160 Falcon Road, London SW11

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL. Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Inquiry needed into pensions policy

From Mr Mike Brown.

Sir, Your editorial, "Second best pensions" (June 30), was accurate in reporting that the National Association of Pension Funds is campaigning for a fundamental national debate on meeting the income needs of the elderly, but was completely wrong in suggesting that this association seeks simply to protect the status quo by claiming that "the answer lies in the current approach to occupational pensions". It is because the present system faces a number of problems that the NAPP feels the need

for the debate to go far deeper. Changing social trends, such as the increase in part-time employment and greater job mobility, must also be reflected in the debate.

The problems with state pensions include the decline in the basic state pension (relative to average earnings), pressure to reduce government expenditure and the impact of demographic changes. The problems facing occupational schemes include the growing burden of complex legislation, particularly in such areas as tax approval and contracting-out,

which discourage employers from instituting new pension schemes and extending the membership of existing schemes. The problems facing personal pensions include the heavy initial charges and the all too high proportion of contracts which are confined to the minimum needed to contract out of Serps (state earnings-related pension scheme).

It is clear there is a need for some form of partnership between state and private pensions and both occupational and personal pensions will have a critical role in

that partnership.

While the NAPP will itself be consulting a wide range of other interested parties, we hope the debate will lead to an independent inquiry into retirement income policy ultimately resulting in a political consensus. The issues are too important to be determined by partisan interests and too long term to be dominated by short-term political considerations.

Mike Brown, director of information services, NAPP, 12-13 Grosvenor Gardens, London SW1W 0DH

## Corporate mission statement is more than redundant

From Mr Stephen Simpson.

Sir, The corporate world has been hoodwinked by the idea of the corporate mission statement (Management: "Men with a mission - more companies are putting corporate values

into words", May 10).

Everyone has one - the same one! It goes something like: "To be the best provider of [insert product/service] in the [insert business] industry." Such statements are meaning-

less: everybody wants to be the best.

Andrew Campbell (Letters, June 29) considers them redundant. It would go further. At best, they are totally useless, at worst they are an insult to

everyone's intelligence.

Stephen Simpson, Ripples, Putnam Lane, Burghfield Common, Reading, Berks RG7 3DU

## A waste - but what type?

From Mr Errol Mason.

Sir, June 30 saw the last of the old 10p coin or florin as legal tender. Large stocks of these now-surplus coins are to be recycled usefully at the Royal Mint at Llantrisant.

It would greatly assist the traditional metal recycling industry, regulators, law makers of the UK and EC and Greenpeace et al to identify the precise point of the coins' metamorphic change.

Presumably July 1 saw an overnight transformation of one's pocket contents to become: controlled waste under the Environmental Protection Act 1990; or secondary raw material or product to be melted by the Royal Mint and others; or hazardous waste whose movement is subject to

trans-frontier waste controls or total restriction recommended by Greenpeace; or heavy metal and therefore toxic, on the basis of copper and nickel content.

Clear direction to confused industries and regulators is required to promote investment and encouragement of basic recycling operations. The common sense acquired to see that "two bob" is "two bob" must not be thrown away through lack of knowledge of what made "two bob" worth something to begin with.

Errol Mason, chairman, environment committee, British Secondary Metals Association, 26 Park Road, Runcorn, Cheshire WA1 4SS

## A decision for the individual

From Mr Ralph Stewart.

Sir, As an employee and union member I was obliged to pay the political levy to the Labour Party until the opt-out clause came into being. Now, as a shareholder, I am forced to support the Tories through

donations from shareholder funds. It should be left to individuals to decide to whom and by how much they wish to support any political party.

Ralph Stewart, 552 Hill Street, Apr KA7 1TH

## COMPANY NEWS: UK

Charge for withdrawing from appliance retailing holds back advance  
London Electric static at £145mBy David Lascelles,  
Resources Editor

A CHARGE of £20m for withdrawing from the electricity appliance retailing business left London Electricity, the capital's main electricity distributor, with only a small profit increase in the year ending March 31.

The company, however, raised its total dividend for the year by 18 per cent to 19.5p, compared with 16.5p, putting it among the leaders in the regional electricity companies' dividend race.

Pre-tax profits for the group were £145.5m, up £5m on the year before and also after lower interest payable of £4.2m (£11.3m). Earnings per share were shown up from 47.5p to 49.5p.

The £20m exceptional charge related to the decision last March to sell or close down the group's 96 retail units because of accumulated losses.

Mr John Wilson, the chairman, said it had been a year of "considerable change and progress".

He cited the sharp improvement in the contracting business, which had transformed a



John Wilson: 1992-93 was a year of considerable change

£17m loss into a small profit, and the £90m acquisition of BAA's electricity distribution networks at Heathrow, Gatwick and Stansted.

He said the company "had cleared the decks" and it was time to signal confidence through a strong increase in the dividend.

The rise in the pay-out, the second highest in the current electricity results season, followed a lag in dividend growth

relative to earnings growth in the two years since privatisation, and "you can't dissociate yourself from what's happening around you", according to Mr Wilson.

Costs had also been reduced through higher productivity, manpower reductions, lower bad debts and a pension surplus. Real cost savings amounted to 6.6 per cent.

London Electricity is passing some of the benefit on to cus-

tomers through a 2 per cent tariff reduction in April and a £7.50 rebate next autumn.

Mr Roger Urwin, the chief executive, said that London's future strategy would be to diversify into areas close to the core business, utilising the company's skills and its strong financial position.

**COMMENT**  
Clearing the decks is the word for it. London has now sorted out its non-core business, and though the price was high, that is more than can be said for a lot of other RECs. Meanwhile, the BAA deal shows promise, and lies close to London's skills and operating area. Another healthy sign was the reduction in gearing despite the acquisition. The strong dividend growth was basically a catch-up after two years of slow growth, though it leaves the level of cover at the low end in the sector. The shares rose 10p to 476p in a strong market. Warburg Securities has London on a prospective yield of 6.8 per cent, which is above the sector average, and probably generous given that the clean-out has now been accomplished.

## RMC in Belgian joint venture

By Andrew Taylor,  
Construction Correspondent

RMC, the world's biggest concrete producer, is to merge part of its German operations in a joint venture with Lhoist of Belgium, one of the world's biggest lime producers.

The UK concrete company said that the 63 per cent owned Rheinisch-Westfälische Kalkwerke (RWK), which produces lime and limestone for the iron, steel, chemicals and building industries, accounted for less than 10 per cent of its German operations.

The business is being merged with French and Czech operations of Lhoist in a new Belgian-based joint venture called Chaufourneries de Hergemath, which will be jointly owned by RMC and Lhoist.

Mr Derek Jenkins, RMC's finance director, said that the proportion of RWK's lime sales to iron and steel producers had fallen from about 50 per cent to 40 per cent since the industry had retrenched.

He said that "given the decline in the steel industry it was felt this business would do better in joint venture with Lhoist".

RWK, which is being transferred at its book value of £90m, generated pre-tax profits of £12m for 1992. Lhoist is transferring assets and earnings of a similar value, said Mr Jenkins. There would be a small cash payment to Lhoist to cover the difference between the two groups' contributions. Mr Jenkins said it was expected that the merger would have little impact on RMC's profit this year.

The joint venture will have the capacity to produce 3.3m tonnes of lime a year.

## Fisons sells Australian arm

Fisons, the healthcare and scientific instruments group, has agreed to sell its Australian consumer health business to Warner-Lambert for A\$34m (£15m) in cash.

For 1992 the Australian business incurred an operating loss of \$150,000 on sales of \$13.4m.

## Heavy provisions leave Bredero with net liabilities

By Vanessa Houlder,  
Property Correspondent

SWINGING provisions against a Hammersmith office development have pushed Bredero Properties, the development company that is 49 per cent owned by Slough Estates, into a 1992 pre-tax loss of £106.4m.

The loss, which compares with a 1991 loss of £4.5m, means that the company now has net liabilities of £24.6m, compared with net assets of £22m at the end of 1991. Net liabilities per share were 94p (net assets of 196p).

The figures have been prepared on a going concern basis.

The dividend is again passed and there is no payment on the preference shares for the last

six months of 1992.

The company is still negotiating a restructuring of its £110.6m of debt with its banks, led by Barclays. It has reached an agreement in principle for the refinancing of its Centre West project in Hammersmith, which is financed by a syndicate of 12 banks.

"A successful conclusion to this refinancing would significantly improve the underlying financial position of the Group and restore shareholders' funds to a positive position," the company said. Slough Estates has given a guarantee to London Transport to complete the Centre West scheme if Bredero is unable to do so.

Centre West, a 225,000 sq ft office and retail development of which 80,000 sq ft has been

sold to Coca-Cola for £30m, accounted for £77.6m of the £106.4m of exceptional charges. Part of this relates to an agreement to take over responsibility for a 15-year lease on Coca-Cola's former offices.

Exceptionals also included a £21.5m provision against the carrying value of other assets, principally development sites, a £3.8m loss on the disposal of the Bon Accord Centre and a £2m provision for refinancing costs.

The announcement pushed Bredero's share price down from 12p to 7p.

The company incurred a loss before exceptional items of £137m, against a profit of £23.2m. Turnover was £70.8m (£53.3m) and losses per share worked through at 292.7p (18.1p).

## Clayform seeks £27m in order to repair the balance sheet

By Vanessa Houlder,  
Property Correspondent

CLAYFORM Properties, which recently appointed Mr Martin Landan, a property entrepreneur, to its board, yesterday announced a £27m placing and open offer to repair its balance sheet.

The company is changing its name to Development Securities to reflect "a new phase in the development of the group focused on expanding its investment and development portfolio".

"The placing is unusual in that the new shares, which are

priced at 35p per share, will be issued at a premium to its net asset value, which stands at 30p per share.

The share price rose yesterday from 35p to 40p, reflecting investors' willingness to back Mr Landan until 1990 was the deputy chairman of Imry, a property company now owned by Barclays. The shares have risen from 11p per share since June 11 when Clayform announced the appointment of Mr Landan.

Clayform is issuing 80.3m shares on a 2-for-1 basis. The new shares have been conditionally placed by Flemings,

subject to clawback by quality holders under the open offer.

In addition to taking up his entitlement of 2m shares, Mr Landan has agreed to purchase up to 3.13m additional shares, depending on the take-up under the open offer. He currently holds a 3 per cent stake in the company.

About £6m of the money raised will repay existing banking facilities and £21.1m will initially be put on deposit. The injection of new capital has allowed directors to renegotiate the group's main banking facilities.

## Audioline buys Southwestern arm

By Paul Taylor

AUDIOLINE, the privately-owned consumer electronics group run by Mr Harry Moss, has acquired Southwestern Bell Telecom's UK telecommunications business for an undisclosed sum.

Southwestern, one of the Bell regional telephone companies in the US, began marketing its products in the UK in 1987 and has built up branded equipment sales of about £15m a year.

Under licensing agreements Audioline will continue to use the BELL symbol and the Southwestern Bell Telecom and Southwestern Bell

Freedom Phone brand names in marketing cordless and corded telephones, answering machines and pagers.

"The acquisition is complementary to our current business," said Mr Moss. "It enables us to expand product lines as well as enter new areas such as cordless phones and pagers where SBT had a strong market presence."

Audioline, which has annual sales approaching £40m, claims to be the second largest telephone equipment supplier in the UK.

Southwestern will focus on its growing UK cable television and telecommunications interests. It has 55,000 cable television customers.

## Templeton net assets rise by 19.4%

By Philip Coggan,  
Personal Finance Editor

Templeton Emerging Markets Investment Trust recorded a 19.4 per cent increase in fully diluted net asset value per share over the year to April 30.

The trust, which invests in the stock markets of developing countries in areas such as Latin America and south east Asia, is the largest in its sector.

Net assets per share at the end of April were 247.3p (207.2p) and had increased to 293.9p by the end of May. Pre-tax profits for the year were £2.71m (£1.35m) and fully diluted earnings per share were 2.1p (2.17p).

The dividend is being cut from 1.5p to 1.7p and the company says it continues to focus on capital growth.

## London Pride boosts Fuller Smith to £8.3m

PROFITS OF Fuller Smith & Turner, the USM-quoted Chiswick-based brewer, improved from £7.8m to £8.28m pre-tax for the 53 weeks ended April 3.

The 6 per cent advance was scored on the back of a 7 per cent rise in sales to £81.8m. Earnings per share dipped to 23.33p (26.18p) because of a one-off deferred tax credit of £377,000 last year. Without that adjustment earnings would have shown a 10 per cent increase.

A proposed final dividend of 5p makes a 7.4p (8.71p) total. Managed house beer volumes were up 3 per cent but profits were marginally down partly because of start-up costs of new pubs. The terminated pub "struggled" and barbeque was down 4 per cent over the year.

The hotels side was not expected to do well and profits from the division were down by 26 per cent. However, the hotels were still profitable although increasing competition in the Heathrow area continued to depress room rates. The downside in these activities was more than matched by a 33 per cent increase in free trade beer volumes and 23 per cent in the wholesaling side. In particular, sales of the premium brand, draught London Pride, were ahead by 26 per cent.

Lazard Invest launches high income trust

By Philip Coggan,  
Personal Finance Editor

Lazard Investors is launching a high income investment trust, which will invest in convertible preference shares and convertible bonds.

The Lazard High Income Trust is a revamped version of Grahams Rintoul's High Income trust, which was scheduled to be launched in March.

The proposed gross yield on the trust has fallen from 8.5 to 8 per cent since March, mainly because of the Budget changes which reduced the tax credit on dividends. The trust has dropped earlier plans for gearing via the issue of zero dividend preference shares.

The trust will pay quarterly dividends and will have a six year life, with no further share issues intended. The minimum investment will be £1,000.

LIFE EQUITY OPTIONS

Option	CALLS	PUTS
Admiral-Lyons (1993)	500 30 52 88 3 12 50%	500 30 52 88 3 12 50%
Anglo (1993)	300 30 52 88 3 12 50%	300 30 52 88 3 12 50%
Anglo (1993)	300 30 52 88 3 12 50%	300 30 52 88 3 12 50%
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Anglo (1993)	300 30 52 88 3 12 50%	300 30 52 88 3 12 50%

**TODAY:** Economic Cooperation Organisation, comprising Iran, Pakistan and Turkey as well as several ex-Soviet Muslim republics, holds its summit in Istanbul until Monday.

**SUNDAY:** South African President F.W. de Klerk and African National Congress leader Nelson Mandela receive 1993 Philadelphia Liberty Medal. U.S. President Clinton to participate in presentation in Philadelphia, Pennsylvania.

**MONDAY:** Trial in Sofia of four Bulgarian camp guards accused of killing 14 people in Bulgarian version of the Soviet Gulag network. Caribbean Community holds annual heads of government meeting in Nassau, Bahamas (until July 8). Transport and General Workers' Union delegate conference to Fri. News conference to launch report from National Consumer Council on what young people in UK think of the care system. UK credit business, UK MO money supply, UK housing starts. German trade figures.

**TUESDAY:** Drawing of Holy Family by Michelangelo, unseen in public since 1936, to be auctioned at Christie's in London. Expected to fetch several million pounds. News conference on United Nations State of World, London. US housing completions. US car sales. French M3 money supply. US Fed open market committee meeting.

**WEDNESDAY:** Group of Seven (G-7) summit (until July 9) in Tokyo. US wholesale trade.

**THURSDAY:** Training and Enterprise Councils conference in Birmingham. US consumer credit. US jobless claims.

**FRIDAY:** Romania's governing Democratic National Salvation Front party, which backs President Ioni Iliescu, holds national conference (until July 11) in Bucharest amid speculation that it may split and change its name. Foreign ministers of Venezuela, Mexico and Colombia meet in Caracas to prepare Group of Rio meeting. Church of England General Synod (until July 13) in York. Canadian housing starts. Canadian unemployment.

Option	CALLS	PUTS
Admiral-Lyons (1993)	500 30 52 88 3 12 50%	500 30 52 88 3 12 50%
Anglo (1993)	300 30 52 88 3 12 50%	300 30 52 88 3 12 50%
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Anglo (1993)	300 30 52 88 3 12 50%	300 30 52 88 3 12 50%
Anglo (1993)	300 30 52 88 3 12 50%	300 30 52 88 3 12 50%

FT FIXED INTEREST INDICES	July 2	July 1	June 30	June 28	June 26	Year	High	Low
Govt Securities (1993)	97.30	97.43	97.72	97.73	97.20	88.78	98.04	88.28
Fixed Interest	115.48	115.42	115.24	115.14	114.83	108.20	115.48	108.20
1993 Government Securities high since completion: 127.40 (9/1/93), low 48.10 (9/1/78)								
Fixed Interest High since completion: 115.48 (9/1/93), low 88.53 (9/1/78)								
Fixed 100 Government Securities 15/1/78. Fixed Interest 1983.								

COMMODITIES  
WEEK IN THE MARKETS  
Gold price reaches 2 1/2-year high

THE GOLD market bulls were in full cry at the end of this week as an accumulation of constructive signals prompted a surge in the London bullion market price to a 2 1/2-year high.

Only ten days ago speculation was being tested the bottom end of the recent trading range at about \$368 a troy ounce. But when support at that level held they were quick to change tack. The resulting rally was interrupted briefly on Monday by a modest bout of technically-inspired selling. But the price fell was made up the next day in a prelude to an accelerating rise that culminated in yesterday's \$450 advance to \$390 an ounce, up \$13.55 on the week.

Investors seemed to be interested only in bullish developments, such as European interest rate cuts, signs of a quickening in US inflation and an announcement by international financier Sir James Goldsmith that he planned to swap gold mine shares for gold bullion. Professional traders took a more sceptical view of Sir James' announcement, however, expressing disbelief that a professional speculator would make such a revelation before the deal was completed.

He has either already bought the gold," said one trader, "or he doesn't intend to buy any."

The traders suggested that the gold market had borrowed some of the renewed strength of the silver market, which was being buoyed up on a wave of buying from New York commodity funds. Gold was being dragged up, they said,

because computer trading programmes frequently linked the two precious metals.

Silver's upsurge continued yesterday when it gained another 18.5 cents to close in London at 492.5 cents an ounce, up 44 cents on the week.

The platinum market joined in the fun, the London price gaining \$11.75 on the week to \$95 an ounce at yesterday's afternoon fixing. But it was again outperformed by its sister metal, palladium, which rose \$16.75 to a four-year high of \$145 an ounce. Traders attributed palladium's impressive performance of late, which seems not to have been affected by the ups and downs of the other precious metals, to very strong physical demand from Japan, almost certainly from the electrical goods sector, and from US electrical goods producers.

They also noted that the price rise had not elicited the usual increased deliveries from Russia, which accounts for about half the world's palladium supply. Mr Nikolai Moshkov, deputy director of the Platina unit of Russian precious metals exporter Almaz-Antares, denied suggestions that Russia was holding back on contracted supplies. He told Reuters his company was meeting all contracts to deliver the metal and would continue to act responsibly on world markets.

At the London Metal Exchange the copper contract, which, along with lead, was switched on Thursday from

starting to US dollar denomination, at last managed to break through the \$1,300-a-tonne barrier for three months metal. It closed yesterday at \$1,293.50 a tonne, up \$48.50 on the week.

Traders said the rise partly reflected lost production at Chile's Chuquibambilla mine but added that the market's attention was in particular focused on the US, where labour contracts at Kennecott and Phelps Dodge expired this week. Strike talk was in the air, they said.

Another strong LME market was aluminium, aided by the

long-awaited announcement of a substantial production cut. The mystery about where the expected retrenchment was to happen, which was still puzzling traders on Monday, was solved that night when Aluminium Company of America, the world's biggest producer, said it was to cut its primary aluminium production in the US by 260,000 tonnes a year, or nearly 25 per cent.

As often happens when expected bullish news is announced, the market's immediate gains were quickly erased and LME aluminium prices actually ended lower on Tuesday. But they were quickly back into the plus column as traders looked around

for other big producers to follow Alcoa's lead. So far none has appeared, but the expectations were given a boost yesterday by a strong rumour that the Bonneville Power Authority would shortly announce new electricity charges that could affect production policy decisions at several north-western US smelters. Three months delivery aluminium closed yesterday at \$1,262.50 a tonne, up \$33 on the week.

Cocoa futures prices rallied at the London Commodities Exchange yesterday as concern about a possible supply squeeze forced up nearby positions. The September delivery position ended at \$746 a tonne, up 26p on the week and \$18 on the week.

Robusta coffee prices were also stronger, the September quotation rising \$12 on the day to finish \$4 up on balance at \$827 a tonne. But dealers noted that trading was very quiet.

Oil prices, already depressed by continuing overproduction by members of the Organisation of Petroleum Exporting Countries, came under further pressure late this week after the US said it would allow Iraq to export some oil if Baghdad agreed on conditions with the United Nations in talks next week. On the European physical market North Sea Brent blend prices sank to six-month lows, and at London's International Petroleum Exchange the September futures price fell 61 cents on the week to an 18-month low of \$17.08 a barrel in late trading yesterday.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES	PRICE INDICES	AVERAGE GROSS DISCOUNT YIELDS	Yield	1993	
1-5 years (2)	128.00	+0.00	127.80	1.21	5.94
5-10 years (2)	148.00	+0.11	148.00	2.21	6.05
Over 15 years (2)	162.70	+0.03	162.75	1.91	5.97
Irredeemable (2)	184.34	+0.15	184.07	1.39	7.35
All stocks (2)	145.85	+0.08	145.72	1.00	6.34
1-5 years (2)	108.07	+0.07	108.04	1.23	1.92
Over 5 years (1)	175.70	+0.01	175.70	0.76	2.62
All stocks (1)	178.04	+0.01	178.01	0.93	2.53
1-5 years (2)	133.23	+0.15	133.04	2.44	5.35
1-5 years (2)	108.07	+0.07	108.04	1.23	1.92
Over 5 years (1)	175.70	+0.01	175.70	0.76	2.62
All stocks (1)	178.04	+0.01	178.01	0.93	2.53
1-5 years (2)	133.23	+0.15	133.04	2.44	5.35
1-5 years (2)	108.07	+0.07	108.04	1.23	1.92
Over 5 years (1)	175.70	+0.01	175.70	0.76	2.62
All stocks (1)	178.04	+0.01	178.01	0.93	2.53
1-5 years (2)	133.23	+0.15	133.04	2.44	5.35
1-5 years (2)	108.07	+0.07	108.04	1.23	1.92
Over 5 years (1)	175.70	+0.01	175.70	0.76	2.62
All stocks (1)	178.04	+0.01	178.01	0.93	2.53
1-5 years (2)	133.23	+0.15	133.04	2.44	5.35
1-5 years (2)	108.07	+0.07	108.04	1.23	1.92
Over 5 years (1)	175.70	+0.01	175.70	0.76	2.62
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All stocks (1)	178.04	+0.01	178.01	0.93	2.53
1-5 years (2)	133.23	+			

## Chairman warns of increasingly difficult future for grocery market

# Recovery continues at Asda

By Neil Buckley

ASDA, the UK's fourth-largest grocery chain, continued its recovery with pre-tax profits for the year to May 1 of £187.4m, after a £364.8m loss last year, but warned that the grocery market faced an increasingly difficult future.

Asda's shares fell 6p to 65½p, and share prices fell across the food retail sector as Mr Archie Norman, chief executive, said food retail growth was in decline, industry overcapacity was increasing, and competition was growing from cut-price discount operators.

"We are planning on the basis that the halcyon days in the UK grocery industry in terms of profitability are over," he said.

"1991 will turn out to have been the annus mirabilis of UK grocery retailing. The supermarket industry will not be able

to sustain the number of new openings planned without having some effect on margins and sales growth."

He added that Asda's achievement this year had been to improve its performance in difficult circumstances and that the chain's renewed emphasis on keen pricing made it well-placed to withstand the pressures on the grocery industry.

The pre-tax figure, prepared under FRSS, included exceptional credits of £65.2m. There were profits on asset sales of £37.8m offset by a £5m provision for restructuring the Allied Maples furniture business, which made a £7.9m operating loss last year, and a £28.8m provision for loss on discontinued businesses, including the closure costs of Asda's food processing plant in Wakefield.

Last year there was an exceptional charge of £451.6m.

On a non-FRSS basis, profits before tax

and exceptional items increased 52 per cent to £140.4m (£86.8m). That was at the top end of City forecasts, and excess of Asda's own forecast of £130m when it launched a £347m rights issue in February.

Group turnover improved to £4.61bn (£4.53bn). Turnover for the Asda stores improved 2 per cent to £4.4bn (£4.31bn) for a 53-week year. On a 52-week basis, store turnover was up 4 per cent.

Shipping out the effects of four new stores, four conversions to the new Asda discount format, and food price inflation of about 1 per cent, like-for-like sales growth was about 2 per cent, better than that achieved by Sainsbury, Safeway or Tesco.

FRSS earnings per share were 6.4p (17.55p losses), and the recommended final dividend is 1.1p, making a total of 1.6p (2.1p).

## SFO raids in Butte and Richmond inquiries

By Peggy Hollinger

THE SERIOUS Fraud Office raided a number of addresses in and around Stoke-on-Trent earlier this week in its investigation into a group of quoted natural resources companies and a separate alleged advance fee fraud which may extend to the US.

The SFO yesterday confirmed that it had searched, among others, the premises of J Paterson Brodie & Son, the Stoke-on-Trent accountants. The search was carried out on Wednesday morning in conjunction with City of London and Staffordshire police.

The SFO has stressed that the raid on J Paterson Brodie was not part of an investigation into the accountants, but part of a wider inquiry. Several private residences were also searched.

Police are believed to have confiscated documents concerning companies linked with natural resource groups, Butte Mining and Richmond Oil & Gas, and Mr Charles Deacon, a Staffordshire solicitor.

They are also understood to have taken all correspondence and files concerning the financial affairs of Mr Clive Smith, the Midlands entrepreneur who has been linked to the flotation of several natural resource companies in the late 1980s and early 1990s. J Paterson Brodie were auditors and financial advisers to Mr Smith for more than a decade.

Mr Smith was active in the affairs of Butte Mining and held a stake in Richmond Oil & Gas. Most recently, he has received attention for his role in backing the 1992 purchase of Alpine Double Glazing, the windows company which recently collapsed.

The raid is the latest in a series which began in April last year with a swoop by Jersey fraud police on the offices of local accountants, Bryant & Co. Documents uncovered there sparked a wide-ranging SFO inquiry into share dealings and transactions in UK-quoted Richmond Oil and Butte Mining.

Since then the SFO has also raided the offices of Mr Deacon, who has had dealings with at least one of the resource companies, in connection with alleged advance fee frauds.

Sources close to Mr Deacon said they doubted whether there was any connection between the SFO investigation into Richmond and Butte, and the advance fee inquiry.

Mr Deacon, who has not practised as a solicitor since December, was declared bankrupt in April, claiming debts of more than £254m (£169m).

## Investigation into sale of Greencore completed

By Tim Coome in Dublin

THE IRISH stock exchange said yesterday that it had completed its investigation into the controversial sale in April of the Irish government's remaining stake in Greencore, the sugar group, by Dublin's leading stockbroker firm Davy. It had reported its findings to the London Stock Exchange.

Mr Leonard Abrahamson, president of the ISE, said it was now up to its Professional Standards Panel "to determine whether there is a case to answer. If they do then they will make a submission to the disciplinary committee."

Six weeks ago, Mr Abrahamson said that the main findings of the ISE's investigation would be published. He said yesterday, though, "until the

process is complete it would not be appropriate to make anything public."

The investigation has already taken a month longer than originally anticipated. It has focused on several aspects of the placing including Davy's original share placement arrangements with SG Warburg, the London merchant bank, with whom Davy has said there was a profit-and-loss sharing agreement. The arrangement was then abandoned on the day of the placement.

Warburg was to have taken up to 10m of the 25.4m shares on offer on a buyer-of-last-resort basis. At the last moment Davy changed the arrangement and placed the Warburg's block with parties associated with the Davy firm.

In the week following the placement, trading in Greencore shares was suspended in London and Dublin for two days, after the Irish government said it had been informed by Davy that legal problems with the placement might have arisen.

The ISE then took the unusual step of making a public statement, saying that Greencore shares had been traded on the basis of "misleading information" following the placing and that the conduct of Davy was to be investigated.

A number of institutions then pulled out of the deal, but it was rescued by the Bank of Ireland which stepped in to buy 9.6m of the shares at a cost of £28m. Davy is a subsidiary of the Bank of Ireland.

## In search of happy bellringers

Neil Buckley reports on the plans of a revitalised retailer

THE exit of one of Asda's newly-revamped stores at Wolstanton, near Stoke, is a customer satisfaction bell. Shoppers are invited to "ring the bell and keep us smiling if you've had good service."

Shareholders might already be ringing the bell for Asda's new management team, headed by Mr Archie Norman. The severe financial difficulties the chain found itself in at the end of the 1980s have been largely solved.

Net debt has been reduced from more than £700m when Mr Norman took over, to £70m, helped by the sale of Asda's stake in MFI, the furniture retailer, 57m of site disposals, and a £347m rights issue.

Mr Norman has set a clear strategy of keeping the Asda chain to 200 stores and re-designing and rebuilding existing stores.

The company has abandoned its disastrous late-1980s strategy of trying to be another Sainsbury or Safeway. It is returning to its roots, aiming to "satisfy the weekly shopping needs of ordinary working people and their families." The "Asda Price" slogan has been revived, with the aim of beating prices at Sainsbury, Safeway and Tesco by 3 or 4 per cent.

The chain is also experimenting in four stores with a new discount format called Dales. The key to success will now be whether Asda can attract shoppers back to its stores. It has already had some success. Like-for-like sales growth of 2 per cent last year was better than any of the big three.

It is putting its hopes in its store renewal programme. Four stores have already been refitted and 40 more will undergo the treatment this year, at a cost of about £56m.



Archie Norman: set a clear strategy of keeping to 200 stores

The five-year-old Asda at Wolstanton was the first example. Asda spent £2.3m last August turning it from a somewhat dark and cluttered place into a light and airy flagship, installing new lighting, signage, and fittings.

It also moved fresh foods to the store entrance, replacing the bottles of detergent and car accessories which used to greet shoppers.

As important as the physical changes were the managerial ones. Several layers of management were removed and staff divided into 25 teams covering different product areas. Each team runs its area as a business, and is given weekly and daily sales figures, as well as information on items such as wage and wastage costs.

The teams are experimenting with adjusting the product mix, and in many cases reducing the range.

Mr Norman said yesterday he believed Asda, whose superstores used to carry more than

20,000 product lines, had become "over-ranged". The total might be reduced by as much as 20 per cent.

Wolstanton's management believes it has taken sales from nearby Tesco and Sainsbury superstores, and Asda's four "renewal" stores have seen sales increase by about 20 per cent since their refits.

Mr Norman said he expected to see similar results from all 40 renewal stores this year. Forty minutes down the M6 is an example of the other prong in Asda's programme.

At Tipton, a 20-year-old superstore has been converted into a Dales discount outlet. Asda spent £2m on ripping out the false ceiling to create more of a "shed" environment, and installing warehouse shelving.

Dales carries only 7,000 lines, the margin structure is "significantly lower" than Asda, and prices are about 12 per cent lower than the big three super-

store operators. That puts prices on a similar level to those at Kwik Save, the UK's largest discount food chain, but Dales has twice the range.

Again, emphasis is placed on fresh food, which accounts for about a third of the range, and which many discount stores cut to a minimum because of the high costs and special skills involved.

"You could argue that what we are doing [at Dales] is going back to Asda's roots," said Mr Paul Dowling, corporate affairs director. "But we are trying to make it classless. We want to put across the idea of good value without festooning the roof with Day-Glo signs."

Dales' sober white-washed walls and airy feel may not accord with the public's traditional view of discounting. Yet the format is showing promise. Tipton is thought to have taken sales both from nearby Kwik Save, and from Tesco.

Volumes in the Dales conversions have increased significantly, and Asda plans to open two new Dales this year in south-east England, one on a new site at Sittingbourne, Kent, and one in a converted DIY superstore in Hertfordshire. Eventually, Mr Norman said, Dales might provide the avenue for the group's physical expansion.

With saturation in the food market increasing, the Asda format itself is unlikely to grow.

Once the renewal programme is complete, Asda will rely for profits growth on constantly improving its performance, along the lines of Marks and Spencer, rather than through constant expansion, like Sainsbury or Tesco.

It is an ambitious vision. Mr Archie Norman has yet to prove if he can deliver, and keep that satisfaction bell ringing.

## Rentokil lifts Securiguard bid terms and snaps up 29.7% stake

By Angus Foster

RENTOKIL, the environmental and property services company, yesterday lifted its bid for security and cleaning group Securiguard and then bought 29.7 per cent of the company in the market at the revised offer price.

Securiguard's board, which rejected Rentokil's earlier approach, said it wanted to meet with Rentokil and consider recommending the revised bid.

Rentokil raised its cash offer from 270p a share to 345p, which includes Securiguard's 45p interim dividend payable next month. The offer was declared final, values Securiguard at £70.9m compared to its market capitalisation before the offer of about £40m.

Securiguard's shares gained 25p to 340p. Analysts said Rentokil was offering a "very full"

price and would probably win control of the target.

Mr Clive Thompson, Rentokil's chief executive, said the revised offer gave shareholders more than 18 times last year's earnings. "The reason we've paid a very substantial premium in order to realise opportunities in the security market," he said, Rentokil wants to use Securiguard's UK and US trained security operations to break into the security market, which it sees as a good fit with its other business services like property management. Securiguard's cleaning activities, expanded in 1990 through the purchase of Madison, could fit with Rentokil's office cleaning activities.

Rentokil bought its stake from 12 institutions. It stopped buying just short of the 30 per cent trigger, when it would have been forced to launch an unconditional offer.

### NEWS DIGEST

## Villiers £1.15m in the red

VILLIERS Group, formerly Caspen Oil, announced a pre-tax loss of £1.15m after exceptional for the six months to January 31 against profits of £6,000.

Mr Robert Lutichford, chairman, said that as planned, the newly-acquired Villiers business in Wolverhampton had been reorganised. It was now a marketing unit which offered a range of small engines.

Although increased oil production was achieved by Caspen Operating Company the oil price had weakened, Mr Lutichford said, and the business continued to have difficulty in providing returns on assets employed.

Accordingly, and given the opportunities available in its engineering activities, the company had decided to divest the oil business.

An exceptional debit of £1.1m (£169,000 credit) comprised a £380,000 reduction in the value of the oil assets and £168,000

acquisition and reorganisation expenses relating to the Villiers purchase last August. Losses per share were 2.4p (0.05p earnings). The group trades on the USM.

## Tamaris returns to black in second half

Tamaris, the nursing home operator, returned to profits in the second half of the year to the end of March. But it was insufficient to overcome the first half loss leaving full year pre-tax losses at £50,000, against £555,000.

Turnover advanced from £2.8m to £3.38m. Losses per share came out at 1.45p (8.55p) or 4.57p (0.21p) fully diluted.

## Chartwell deficit grows to £445,000

Strong pricing pressures and lower sales resulted in increased pre-tax losses of £445,000 at the Chartwell Group, USM-quoted maker of carpet tiles and cubicles for the contract market, in the year ended March 31. Losses last time were £29,000. Turnover was reduced to

£5.62m (£5.51m). There were exceptional reorganisation and relocation costs of £80,000. Losses per share were 5p (0.4p earnings) and there is no dividend (0.4p).

The directors believed the company would return to profitability during 1993-94.

## Northamber cuts deficit to £0.97m

Northamber, the computer equipment distributor, trimmed its losses from £2.74m to £0.97m at the pre-tax level for the year to end-April. Turnover rose by £10m to £103m of which £6.3m was attributable to discontinued operations.

Losses per share emerged at 3.9p (11.6p). The dividend is increased to 0.6p (0.5p).

The company ended the year with net cash of £2.4m. Net assets per share stood at 80p (85p).

## Aberdeen Steak Houses loss reduced

Aberdeen Steak Houses Group, the USM-quoted restaurant operator, announced reduced

## Vodafone chief's pay tops £0.5m

Mr Gerry Wheat, chief executive of Vodafone, the cellular telephone group, saw his remuneration for the year to March 31 rise by 7.5 per cent to breach the half-a-million a year barrier.

His pay rose from £479,237 to £516,144 excluding pension contributions.

## INCREASED AND FINAL CASH OFFER BY COUNTY NATWEST LIMITED ON BEHALF OF RENTOKIL GROUP PLC ("Rentokil") FOR SECURIGUARD GROUP PLC ("Securiguard")

County NatWest Limited ("County NatWest") announces on behalf of Rentokil that, by means of a formal offer document dated 2nd July 1993 (the "Offer Document") despatched on 2nd July 1993, and by means of this advertisement, County NatWest on behalf of Rentokil, makes an increased and final cash offer to acquire the whole of the issued share capital of Securiguard. Terms defined in the Offer Document have the same meaning in this advertisement.

The Final Offer comprises 345p in cash for each Securiguard share.

The full terms and conditions of the Final Offer are set out in the Offer Document.

The Final Offer is not being made, directly or indirectly, in the USA or Canada, or by use of the United States mails or by any means or instrumentality (including, without limitation, the post, facsimile transmission, telex and telephone) of United States interstate or foreign commerce or of any facility of a United States national securities exchange and the Final Offer cannot be accepted by any such use, means or instrumentality or from within the USA. Doing so may invalidate any purported acceptance of the Final Offer.

The Final Offer is being made by means of the Offer Document and this advertisement. Acceptances of the Final Offer should be received not later than 1.00 p.m. on 16th July 1993 (or such later time(s) and/or date(s) as Rentokil may, subject to the rules of the Code, decide). Copies of the Offer Document and Form of Acceptance will be available for collection from County NatWest Limited, 135 Bishopsgate, London EC2M 3UR.

County NatWest is acting for Rentokil in connection with the Final Offer and no one else and shall not be responsible to anyone other than Rentokil for providing the protections afforded to customers of County NatWest nor for attending advice in relation to the Final Offer.

The directors of Rentokil accept responsibility for the information contained in this advertisement and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts, and does not omit anything likely to affect the import of such information.

\*The offer is final in that it will not be increased except in the event of a competitive situation (as determined by the Panel).

Dated: 3rd July 1993

DIVIDENDS ANNOUNCED					
Company	Current payment	Date of payment	Current dividend	Total for year	Total last year
Asda	1.1	-	0.85	1.9	2.1
Chartwell	0.4	-	0.4	0.4	0.4
Puffer Smith	1.5	Aug 20	4.46	7.4	6.71
London Elect	13.9	-	11.5	15.5	16.8
Northamber	0.8	Oct 1	0.5	0.5	0.5
Nu-Swift	10	-	10	10	20
Rubicon	2.5	Oct 1	4	4	4
Templeton Emarg	1.7	Sept 6	1.8	1.7	1.9

(Y) on increased capital. SUSM stock. \* Second interim in lieu of a final.

LONDON RECENT ISSUES									
Issue Price	Amount Paid up	Latest Market Price	High	Low	Stock	Change Price	Vol	Div	Yield
125	100	100	100	100	Asda	100	100	100	100
125	100	100	100	100	Asda	100	100	100	100
125	100	100	100	100	Asda	100	100	100	100
125	100	100	100	100	Asda	100	100	100	100
125	100	100	100	100	Asda	100	100	100	100
125	100	100	100	100	Asda	100	100	100	100
125	100	100	100	100	Asda	100	100	100	100
125	100	100	100	100	Asda	100	100	100	100
125	100	100	100	100	Asda	100	100	100	100
125	100	100	100	100	Asda	100	100	100	100

FIXED INTEREST STOCKS									
Issue Price	Amount Paid up	Latest Market Price	High	Low	Stock	Change Price	Vol	Div	Yield
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100

RIGHTS OFFERS									
Issue Price	Amount Paid up	Latest Market Price	High	Low	Stock	Change Price	Vol	Div	Yield
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100
100	100	100	100	100	Asda	100	100	100	100

TRADITIONAL OPTIONS									
First Dealings	June 28	Calls in: Amber Day, ASDA, Coverdale, Cliff Rea, Ferranti, Owners							
Last Dealings	July 8	Abroad and Rubicon. Puts in:							
Last Declarations	Sept. 30	Amber Day, ASDA and Owners							
For settlement	Oct. 11	Abroad. Puts & Calls: Copymore, Cliff Rea and Baffins.							
month call rate indications are									

# Chrysler to sell its stake in Mitsubishi Motors

By Emilio Terazono in Tokyo

CHRYSLER, the US car manufacturer, will sell its 2.7 per cent stake in Mitsubishi Motors of Japan, ending a 20-year capital link.

The timing of the sale, scheduled to take place during the week beginning July 19, comes as the value on its holdings has risen due to the yen's sharp appreciation against the dollar. Under current exchange rates, the stake is worth some \$14m.

Mitsubishi officials said the sale would not affect the industrial ties between the two companies. However, it represents a change in the relationship, which has created little synergy.

Ties between the companies have become strained as friction between US and Japanese car makers has mounted due to Japan's increasing trade surplus. Chrysler has been one of the most strident critics of Japanese policies.

Mitsubishi executives had been angered by Mr Lee Iacocca, former Chrysler chairman, who had demanded limits on Japanese vehicle sales in the US.

Earlier this year, Japanese car makers raised prices in the US to avoid protectionist pressure, after the big three US manufacturers - Ford, General Motors and Chrysler - threatened to file an anti-dumping complaint against Japanese makers.

Chrysler invested in Mitsubishi Motors in 1971, and the company was run for 15 years as a joint venture with Mitsubishi Heavy Industries. In 1986, when Mitsubishi Motors was listed, Chrysler had a 24 per cent stake, which was reduced to 10.9 per cent in September 1989.

Although the crash on the Tokyo stock exchange in 1990 forced the US company to halt its sell-off temporarily, last year resumed its stock sales.

In 1991, Chrysler sold to Mitsubishi its 50 per cent stake in Diamond Star Motors, the companies' production joint venture in the US, raising \$100m. The venture was formed in 1986, but Chrysler's investment could not keep pace with Mitsubishi's ambitious expansion plans.

Last year, sales of Mitsubishi and Diamond Star cars by Chrysler totalled 128,764 units, down 20.5 per cent from 1989, while Mitsubishi's shipments of its engines to Chrysler fell to 403,000 units, down 21.6 per cent.

Nikko Securities will lead the public subscription of the 25.25m shares. Investor demand will be assessed from July 8 to July 14, with the sales price likely to be determined on July 15.

Mitsubishi's share price yesterday fell 1.4 per cent to ¥780 on the Tokyo stock exchange due to jitters that Chrysler's sale would add negative pressure to the share price.

## Further write-offs expected at IBM

By Louise Kehoe in San Francisco

IBM is expected to announce another big write-off to cover further workforce cuts when it reports its second-quarter results later this month.

The US computer company, still struggling to recover from its worst ever sales slump, will also provide an updated estimate of the number of jobs it expects to eliminate this year.

Financial analysts are predicting that IBM could double its original projection of 25,000 job reductions for 1993. "We expect a write-off of at least \$1.8bn to \$2.4bn for an additional 15,000 to 20,000 personnel reductions above the 25,000 estimate given last December," said Mr John Jones of Salomon Brothers.

Asset write-offs could increase the write-off by another \$2bn to \$3bn, Mr Jones predicted. IBM declined to comment on published estimates of job cuts, but reiterated earlier statements that the final reduction figures for the year were expected to be well above 25,000.

Mr Lou Gerstner, new IBM chairman and chief executive, who joined the company on April 1, is expected to take a more aggressive approach than his predecessor, Mr John Akers, toward reducing costs.

Last year, IBM reduced its workforce by over 40,000, to about 300,000, down from a high of 405,000 at the end of 1988. Faced with large write-offs for redundancies, IBM may again reduce its dividend, some analysts believe.

Magistrates are now looking into two aspects of Ferfin's affairs. While one team in Milan is monitoring the proposed rescue, two separate sets of magistrates in Milan and Rome are investigating possible irregularities in the constitution and eventual dismantling of the Enimont chemicals joint venture between Montedison and the state-owned Eni energy and chemicals group.

The latter inquiry has triggered rumours that Montedison's newly discovered losses could be linked to covert payments to Italian politicians in return for Enimont-linked favours, along the lines of kickbacks paid by Eni.

Alternatively, some observers believe the losses cover previously concealed errors in commodities or foreign exchange trading, or may have stemmed from covert share support schemes when Ferfin and Montedison were engaged in a stream of takeovers.

STENA LINE, the Swedish ferry group, is to announce a radical change of strategy next week which could involve ordering the world's first fleet of high-speed ferries capable of carrying goods vehicles.

The company and its UK subsidiary, Stena Sealink Line, said they would make an announcement on Tuesday that would have implications for the world's ferry industry.

There was speculation this could mean ordering craft technically ahead of high-speed ferries such as the catamarans operated by Sea Containers, the Bermuda-based shipping group.

# Canberra revises plans for sell-off

By Bruce Jacques in Sydney

THE Australian government has been forced to redraw its privatisation programme. The change will delay the flotation of Qantas, the Australian airline, and see the flotation of a \$1.5bn (US\$1bn) tranche of the Commonwealth Bank of Australia by September or October this year.

Mr Ralph Willis, finance minister, said the flotation of 75 per cent of Qantas has been deferred to late 1994.

Mr Willis said the decision on Qantas followed advice from the government's financial consultants and Mr Gary Pemberton, Qantas chairman.

Later last year British Airways topped offers from several international competitors and paid A\$65m for a 26 per cent stake in the airline.

Qantas is also still digesting the acquisition of Australian Airlines, its domestic carrier subsidiary, and is carrying a debt ratio in the order of 70:30.

To replace proceeds from the Qantas sale the government will offer a further 19 per cent stake in the Commonwealth Bank to the market in the current June year, rather than next year as earlier planned.

The bank is already 30 per cent publicly owned following the A\$1.3bn flotation in 1991 which effectively began the government's privatisation programme.

Government policy limits private ownership of the bank to 49 per cent, although the opposition favours a 100 per cent sale.

Analysts said the government was likely to move ahead with the float soon after the

bank announces its next annual results in September. The bank's shares reacted positively to the news on Australian share markets yesterday, reaching a record high of A\$5.76, valuing a 19 per cent stake at about A\$1.45b.

Because of the size of the proposed flotation, analysts believe it is likely to be broken into components, probably including an entitlement issue to existing shareholders.

The changed timetable for the privatisations confirms recent speculation that the Qantas flotation would be delayed, mainly because of the poor state of the world airline industry.

The new privatisation timetable will increase the government's task in reducing its growing budget deficit. Privatisations have begun to assume a more important place in government budgeting, although the Labor Party still favours a much slower pace than the opposition Liberal National coalition.

Other government-owned assets such as the Australian National Line, the shipping company, and Australian Defence Industries, the defence contractor, are also under consideration for sale.

Mr Willis said the Qantas postponement meant the budget deficit starting point for 1993/94 would rise by between A\$500m and A\$750m.

He said the government had estimated that the Qantas float would contribute about A\$2m to receipts. The treasurer, Mr John Dawkins, has previously indicated that without policy changes the starting point for the budget deficit for 1993/94 would be about A\$1.8bn.

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## MIM to buy UK zinc smelter for A\$100m

By Bruce Jacques

MIM, the Australian mining and metals group, is to buy the UK's only zinc smelter, at Avonmouth, near Bristol, and associated downstream businesses in the West Midlands, for A\$100m (US\$67m).

Pasminco, the financially stretched rival Australian zinc producer, put the smelter up for sale in February last year after reporting a net loss of A\$118m.

The deal takes MIM into zinc smelting for the first time, although it has copper and lead smelting facilities. The group produces about 20 per cent of the world's mixed lead-zinc concentrate (an intermediate material) and this will go up to almost 50 per cent when

its planned MacArthur River zinc mine in Australia comes into operation in the late 1990s. Consequently, the Avonmouth smelter had a unique value to MIM, said Mr Norman Russell, MIM's managing director, yesterday.

"MIM's strategies include growth in zinc production as one of our core products," he said. "We seek to build upon our Australian base into the three major market areas of the world which the UK/Europe is one."

The Avonmouth plant, which has an annual capacity of 105,000 tonnes of zinc and 45,000 tonnes of lead, is the largest in the world using the Imperial Smelting Process, the most suitable technology available for processing the mixed

concentrates MacArthur River will produce, he added. A production improvement programme is expected to lift capacity to 120,000 tonnes of zinc and 50,000 tonnes of lead.

MIM is also buying the associated Blawie facility which makes a range of products using zinc from Avonmouth and other European smelters and does some recycling.

MIM has been operating in the UK for many years through ownership of the Britannia Refined Metals silver-lead refinery at Northfleet, Kent. It will pay US\$70m, subject to adjustment for actual working capital, plus up to \$3.9m (US\$5.85m) for a capital expenditure adjustment.

Pasminco said the consideration would consist of US\$15m

cash, with the balance in negotiable promissory notes. Funds would be applied to reducing Pasminco's debt and the deal would result in a book loss of about A\$9m.

Pasminco, formed in 1988 when North Broken Hill Peko and CRA pooled their zinc and lead interests, originally wanted to sell all its European operations to reduce debt and concentrate on its Australian operations. However, it decided to keep its 50 per cent share of the Budelec smelter in the Netherlands, jointly owned with Billiton, the mining and metals arm of the Royal Dutch/Shell group. Budelec's future is under a cloud because the Dutch authorities are insisting it must treat its solid waste rather than store it.

Continental made net profits of DM133m last year after a loss of DM123.2m in 1991. The recovery disguises poor conditions in the second half of last year when the group made virtually no profit. Mr von Grunberg earlier this year described the first two months of 1993 as "miserable".

These measures would be intensified during the rest of the year, Mr von Grunberg said. Continental was considering transferring production away from high cost manufacturing sites in western Europe to other parts of the world.

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## Fiat sets up L2,000bn loan facility

By Halg Simonian

FIAT, Italy's biggest private company, will sign a L2,000bn (\$1.29bn) stand-by loan next week to bolster its finances at a time of large-scale spending.

The deal, to be led by Istituto Bancario San Paolo di Torino, will come in two tranches of L1,000bn covering maturities of 18 months and five years.

Terms for the transaction and the names of the banks involved will be revealed next week.

The new facility will provide an extra cushion to meet the needs of the group's L46,000bn investment programme between 1992 and 1996.

About L28,000bn of the total is being spent on the cars side, where Fiat has announced a new model programme. Investment spending on cars will use a further L12,000bn between 1997 and 1999, while the company may also announce further spending during that period for other industrial activities.

Fiat's investments have already had a big impact on finances. Its net financial position, which surged to a deficit of L3,649bn at the end of 1992, could reach L10,000bn by end-December.

Mr Giovanni Agnelli, chairman, has said Fiat would try to alleviate the effect of continued heavy investments by selling non-strategic assets.

## Montedison triggers new losses inquiry

By Halg Simonian in Milan

MONTEDISON, the Italian industrial group controlled by the troubled Ferruzzi Finanziaria (Ferfin) holding company, has brought in a second set of accountants to investigate mysterious losses at a little-known foreign subsidiary.

The disclosure of the losses at Financing and Investments, a Curaçao subsidiary of Montedison's Swiss-based international holding company, resulted in a last-minute revision of the group's accounts this week to show an additional L435bn (\$281m) consolidated loss on top of the L1,244bn previously reported.

Separately, shares in Ferfin, which have plunged since the group shocked shareholders at the end of May with much higher-than-expected losses for 1992, fell a further 6.52 per cent to L381.6 in Milan yesterday.

The latest drop takes the cumulative fall in Ferfin's ordinary share price to over 84 per cent since its original 1992 results were announced.

Montedison, which this week elected a new board largely comprising appointees acceptable to Ferfin's five main creditors, said it had called on the Deloitte & Touche accounting group to examine where and how the losses arose.

The accountants have also been requested to examine the complex structure of Montedison International Holding and

its subsidiaries and of the foreign subsidiaries of Ferfin. This week, Montedison said it had called on its main auditors, Price Waterhouse, to look into the unexplained losses, ascribed to "credits deemed to be irrecoverable".

The appointment of additional auditors suggests the group wants an independent study and may imply the scale of the task is more complex than expected.

Magistrates are now looking into two aspects of Ferfin's affairs. While one team in Milan is monitoring the proposed rescue, two separate sets of magistrates in Milan and Rome are investigating possible irregularities in the constitution and eventual dismantling of the Enimont chemicals joint venture between Montedison and the state-owned Eni energy and chemicals group.

The latter inquiry has triggered rumours that Montedison's newly discovered losses could be linked to covert payments to Italian politicians in return for Enimont-linked favours, along the lines of kickbacks paid by Eni.

Alternatively, some observers believe the losses cover previously concealed errors in commodities or foreign exchange trading, or may have stemmed from covert share support schemes when Ferfin and Montedison were engaged in a stream of takeovers.

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Alternatively, some observers believe the losses cover previously concealed errors in commodities or foreign exchange trading, or may have stemmed from covert share support schemes when Ferfin and Montedison were engaged in a stream of takeovers.

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## Stena Line plans radical strategy switch

By Richard Tomkins, Transport Correspondent

STENA LINE, the Swedish ferry group, is to announce a radical change of strategy next week which could involve ordering the world's first fleet of high-speed ferries capable of carrying goods vehicles.

The company and its UK subsidiary, Stena Sealink Line, said they would make an announcement on Tuesday that would have implications for the world's ferry industry.

There was speculation this could mean ordering craft technically ahead of high-speed ferries such as the catamarans operated by Sea Containers, the Bermuda-based shipping group.

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## Moody's upgrades debt ratings of two US banks

By Damian Fraser in New York

MOODY'S Investor Service has upgraded the debt ratings of Chemical Banking and Chase Manhattan, two of the US's largest banks.

The ratings increase follows similar upgrades given by Standard & Poor's, and Moody's noted recent improvements in the banks' earnings and capital levels. The upgrades on senior and subordinated debt affect about \$8bn of debt in each bank.

Moody's increased the long-term debt ratings of Chase Manhattan senior debt to Baa1 from Baa2, and of Chemical Banking senior debt to Single A3 from Baa1. Both banks have recently raised capital and improved the quality of

their loans in an effort to boost the ratings on their debt.

The rating agency said Chase's upgrade "recognised the improvement in Chase's capital measures following its recent \$650m equity offering as well as from future earnings retention". But Moody's noted capital ratios at Chase continued to be lower compared with other US banks, and that "asset quality was somewhat impaired".

Chemical Banking was said to have benefited from its merger with Manufacturers Hanover, and from "substantial progress" in reducing its portfolio of impaired loans. Underlying earnings had benefited from non-interest income from Treasury and trading activities.

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## Continental 'satisfactory' if market conditions hold

By David Walker in Frankfurt

CONTINENTAL, the German tyre manufacturer, is on course for "satisfactory" results this year provided there is no deterioration in market conditions later this year, the chief executive said yesterday.

Mr Robert von Grunberg told shareholders in Hanover that the group managed to make a profit in the first five months of the year although sales fell by 10 per cent to DM3.7bn (\$2.18bn).

Mr von Grunberg blamed the decline in turnover on low unit sales to the recession-hit car industry, but cited a number of factors which were working in the group's favour.

These include a continued recovery in earnings at Gen-

eral Tire, the group's US subsidiary, as well as the swift implementation of rationalisation measures which had enabled the group to avoid the full force of the downturn.

These measures would be intensified during the rest of the year, Mr von Grunberg said. Continental was considering transferring production away from high cost manufacturing sites in western Europe to other parts of the world.

Continental made net profits of DM133m last year after a loss of DM123.2m in 1991. The recovery disguises poor conditions in the second half of last year when the group made virtually no profit. Mr von Grunberg earlier this year described the first two months of 1993 as "miserable".

## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar weathers data

TRADING yesterday was dominated by the release of the US non-farm payroll data, which rose just 13,000 in June against analysts' expectation of a rise ten times that size, writes Rachel Johnson.

The news hit the dollar briefly but the currency did not take long to revert as traders continued to target the Yen and the D-Mark as the currencies to shed ahead of next week's meeting of the G7 in Tokyo.

As the US figures were much worse than expected, the question of whether the Federal Reserve's next monetary move should be to ease policy rather than the reverse began to preoccupy market participants. "All the data - including the consumer sentiment survey from Michigan University - has been low, pointing to a different complexion for Fed policy," said Mr Mark Hillard, at Société Générale Strauss Turnbull.

With bearish sentiment aimed elsewhere, the dollar reversed its initial drop - to the confusion of those who assumed that the poor economic data would drive down the currency for longer. Analysts reasoned that this was because the G7 meeting would produce little to celebrate in terms of a GATT breakthrough or concrete measures to boost world growth and employment.

Speculation that the Bank of Japan would be forced to cut rates under G7 pressure to revive the locomotive economy caused the shortest currency movement of the day. The Yen closed at Y106.75 to the dollar, after Y107.40 the previous day. But the fact that the Bundesbank had already done its bit for world growth by cutting its rates on Thursday did nothing to improve the sentiment surrounding the D-Mark, as the German economy remains in deep recession. The D-Mark closed at DM1.6900

against the dollar, as against a previous DM1.6990 on Thursday.

There was currency fallout from the latest round of European interest rate cuts. The Swiss franc suffered from sentiment that the Swiss Bank would like to cut rates again; and the French cut coming as late as yesterday caused confusion. Many had expected the Bank of France to ease on Monday, and were again caught out by the fact that the Bundesbank's move on Thursday. Franc weakness was the result yesterday, with the currency closing at FF3.363 against the D-Mark, after a previous 3.377.

According to one economist, the franc weakness was not so much the result of the lowering of the intervention rate as a perception in the markets that another quarter-point rate cut from the Bank of France was just a matter of time.

## £ IN NEW YORK

£ 100	US\$	£ 100	US\$
1 month	1.5955-1.5960	1 month	1.5955-1.5960
3 months	1.5955-1.5960	3 months	1.5955-1.5960
6 months	1.5955-1.5960	6 months	1.5955-1.5960
12 months	1.5955-1.5960	12 months	1.5955-1.5960

## STERLING INDEX

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
100	100	100	100
100	100	100	100
100	100	100	100

## CURRENCY RATES

Jul 2	Jul 1	Jul 2	Jul 1
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## CURRENCY MOVEMENTS

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
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## OTHER CURRENCIES

Jul 2	Jul 1	Jul 2	Jul 1
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100	100	100	100

## FORWARD RATES

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
100	100	100	100
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## MONEY MARKETS

## France cuts rates

THERE was more rate-cut activity in the money markets yesterday after France belatedly followed up Thursday's halving of the German discount rate with a 1/4 point cut in its own intervention rate, writes Rachel Johnson.

As it now stands at 6.75 per cent (compared with a German floor of 6.75 per cent in its discount rate), traders expect there will be room for France to ease further over the summer.

UK clearing bank base lending rate 6 per cent from January 28, 1993

A cut in the German repurchase rate would be a useful cue for another French easing, dealers noted. As the French franc weakened against the D-Mark during the day, it is unlikely that another easing will come soon. The Bank of Spain also cut its daily intervention rate by 1/4 point to 11 per cent.

Dealings in the London money market combined to suggest that the UK would, for the moment, not participate in the latest round of European-wide interest rate cuts. The Bank of England at its gave assistance at its established rate of 5 1/2% (rate, shade below the base rate), offering £325m to relieve an estimated sizeable £1.2bn

## EMU EUROPEAN CURRENCY UNIT RATES

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
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## POUND SPOT - FORWARD AGAINST THE POUND

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
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## DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 2	Jul 1	Jul 2	Jul 1
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## EURO-CURRENCY INTEREST RATES

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
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## EXCHANGE CROSS RATES

Jul 2	Jul 1	Jul 2	Jul 1
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## FINANCIAL FUTURES AND OPTIONS

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
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## LONDON (LFF)

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
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## CHICAGO

Jul 2	Jul 1	Jul 2	Jul 1
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## NEW YORK

Jul 2	Jul 1	Jul 2	Jul 1
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## PARIS

Jul 2	Jul 1	Jul 2	Jul 1
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## MILAN

Jul 2	Jul 1	Jul 2	Jul 1
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## BANK RETURN

Jul 2	Jul 1	Jul 2	Jul 1
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## BASE LENDING RATES

Jul 2	Jul 1	Jul 2	Jul 1
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## MONEY RATES

Jul 2	Jul 1	Jul 2	Jul 1
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## LONDON - DOLLAR

Jul 2	Jul 1	Jul 2	Jul 1
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## FT LONDON INTERBANK FIXING

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
100	100	100	100
100	100	100	100
100	100	100	100

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or write to him at  
The Financial Times,  
One Southwark Bridge, London SE1 9HL.

## MONEY MARKET FUNDS

## Money Market Trust Funds

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
100	100	100	100
100	100	100	100
100	100	100	100

## Money Market Bank Accounts

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
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100	100	100	100

## BANK RETURN

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
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## BASE LENDING RATES

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
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## MONEY RATES

Jul 2	Jul 1	Jul 2	Jul 1
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## LONDON - DOLLAR

Jul 2	Jul 1	Jul 2	Jul 1
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## FT LONDON INTERBANK FIXING

Jul 2	Jul 1	Jul 2	Jul 1
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Jul 2	Jul 1	Jul 2	Jul 1
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## LONDON - DOLLAR

Jul 2	Jul 1	Jul 2	Jul 1
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## FT LONDON INTERBANK FIXING

Jul 2	Jul 1	Jul 2	Jul 1
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## MONEY RATES

Jul 2	Jul 1	Jul 2	Jul 1
100	100	100	100
100	100	100	100
100	100	100	100
100	100	100	100





## AUTHORISED UNIT TRUSTS

Total Income	
1970	100.00
1971	100.00
1972	100.00
1973	100.00
1974	100.00
1975	100.00
1976	100.00
1977	100.00
1978	100.00
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2100	100.00

COSTS	
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1959	1960
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[illegible][illegible]

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97.0	-0.96	1.00
98.0	-0.97	1.00
99.0	-0.98	1.00
100.0	-0.99	1.00

**HISTORIC PRICING:** The letter is directed to the managers who currently deal on the prices set on the most recent valuation. The prices also are the latest available before liquidation and may not be the current selling levels because of an intervening portfolio reorganization or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may agree to forward pricing at any time.

**FORWARD PRICING:** The letter is directed to the managers deal at the price to be set on the next valuation, irrespective of whether the dollar price in advance of the purchase or an actual carried out. The prices appearing in the newspaper are the actual amount provided by the manager.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from each manager.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

65 Life Assurance and Unit Trust Regulatory Organisation,  
Centre Point,  
105 New Oxford Street, London WC1A 1QH  
Tel: 071-279-0044.

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

## OTHER UK UNIT TRUSTS



## FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 673 4376 for more details.

JERSEY (REGULATED)									
Fund Name	Unit Price	Change	Assets	Manager	Investment Objective	Unit Price	Change	Assets	Manager
Midland Bank Fund Managers (Jersey) Ltd									
Global Growth Fund	1.25	+0.02	£100m	John G. Smith	Global Growth	1.25	+0.02	£100m	John G. Smith
Global Income Fund	1.15	+0.01	£80m	John G. Smith	Global Income	1.15	+0.01	£80m	John G. Smith
Global Bond Fund	1.10	+0.01	£70m	John G. Smith	Global Bond	1.10	+0.01	£70m	John G. Smith
Global Equity Fund	1.20	+0.03	£90m	John G. Smith	Global Equity	1.20	+0.03	£90m	John G. Smith
Global Real Estate Fund	1.18	+0.02	£60m	John G. Smith	Global Real Estate	1.18	+0.02	£60m	John G. Smith
Global Infrastructure Fund	1.12	+0.01	£50m	John G. Smith	Global Infrastructure	1.12	+0.01	£50m	John G. Smith
Global Natural Resources Fund	1.16	+0.02	£55m	John G. Smith	Global Natural Resources	1.16	+0.02	£55m	John G. Smith
Global Healthcare Fund	1.14	+0.01	£52m	John G. Smith	Global Healthcare	1.14	+0.01	£52m	John G. Smith
Global Technology Fund	1.19	+0.02	£58m	John G. Smith	Global Technology	1.19	+0.02	£58m	John G. Smith
Global Energy Fund	1.17	+0.02	£56m	John G. Smith	Global Energy	1.17	+0.02	£56m	John G. Smith
Global Financial Services Fund	1.13	+0.01	£51m	John G. Smith	Global Financial Services	1.13	+0.01	£51m	John G. Smith
Global Consumer Goods Fund	1.11	+0.01	£49m	John G. Smith	Global Consumer Goods	1.11	+0.01	£49m	John G. Smith
Global Industrial Fund	1.10	+0.01	£48m	John G. Smith	Global Industrial	1.10	+0.01	£48m	John G. Smith
Global Telecommunications Fund	1.16	+0.02	£54m	John G. Smith	Global Telecommunications	1.16	+0.02	£54m	John G. Smith
Global Media Fund	1.15	+0.02	£53m	John G. Smith	Global Media	1.15	+0.02	£53m	John G. Smith
Global Entertainment Fund	1.14	+0.02	£52m	John G. Smith	Global Entertainment	1.14	+0.02	£52m	John G. Smith
Global Sports Fund	1.13	+0.02	£51m	John G. Smith	Global Sports	1.13	+0.02	£51m	John G. Smith
Global Leisure Fund	1.12	+0.02	£50m	John G. Smith	Global Leisure	1.12	+0.02	£50m	John G. Smith
Global Travel Fund	1.11	+0.02	£49m	John G. Smith	Global Travel	1.11	+0.02	£49m	John G. Smith
Global Hospitality Fund	1.10	+0.02	£48m	John G. Smith	Global Hospitality	1.10	+0.02	£48m	John G. Smith
Global Retail Fund	1.09	+0.02	£47m	John G. Smith	Global Retail	1.09	+0.02	£47m	John G. Smith
Global Food & Beverage Fund	1.08	+0.02	£46m	John G. Smith	Global Food & Beverage	1.08	+0.02	£46m	John G. Smith
Global Pharmaceuticals Fund	1.07	+0.02	£45m	John G. Smith	Global Pharmaceuticals	1.07	+0.02	£45m	John G. Smith
Global Chemicals Fund	1.06	+0.02	£44m	John G. Smith	Global Chemicals	1.06	+0.02	£44m	John G. Smith
Global Materials Fund	1.05	+0.02	£43m	John G. Smith	Global Materials	1.05	+0.02	£43m	John G. Smith
Global Metals Fund	1.04	+0.02	£42m	John G. Smith	Global Metals	1.04	+0.02	£42m	John G. Smith
Global Mining Fund	1.03	+0.02	£41m	John G. Smith	Global Mining	1.03	+0.02	£41m	John G. Smith
Global Oil & Gas Fund	1.02	+0.02	£40m	John G. Smith	Global Oil & Gas	1.02	+0.02	£40m	John G. Smith
Global Coal Fund	1.01	+0.02	£39m	John G. Smith	Global Coal	1.01	+0.02	£39m	John G. Smith
Global Nuclear Fund	1.00	+0.02	£38m	John G. Smith	Global Nuclear	1.00	+0.02	£38m	John G. Smith
Global Space Fund	0.99	+0.02	£37m	John G. Smith	Global Space	0.99	+0.02	£37m	John G. Smith
Global Defense Fund	0.98	+0.02	£36m	John G. Smith	Global Defense	0.98	+0.02	£36m	John G. Smith
Global Aerospace Fund	0.97	+0.02	£35m	John G. Smith	Global Aerospace	0.97	+0.02	£35m	John G. Smith
Global Transportation Fund	0.96	+0.02	£34m	John G. Smith	Global Transportation	0.96	+0.02	£34m	John G. Smith
Global Logistics Fund	0.95	+0.02	£33m	John G. Smith	Global Logistics	0.95	+0.02	£33m	John G. Smith
Global Shipping Fund	0.94	+0.02	£32m	John G. Smith	Global Shipping	0.94	+0.02	£32m	John G. Smith
Global Airlines Fund	0.93	+0.02	£31m	John G. Smith	Global Airlines	0.93	+0.02	£31m	John G. Smith
Global Hotels Fund	0.92	+0.02	£30m	John G. Smith	Global Hotels	0.92	+0.02	£30m	John G. Smith
Global Restaurants Fund	0.91	+0.02	£29m	John G. Smith	Global Restaurants	0.91	+0.02	£29m	John G. Smith
Global Casinos Fund	0.90	+0.02	£28m	John G. Smith	Global Casinos	0.90	+0.02	£28m	John G. Smith
Global Gaming Fund	0.89	+0.02	£27m	John G. Smith	Global Gaming	0.89	+0.02	£27m	John G. Smith
Global Entertainment Fund	0.88	+0.02	£26m	John G. Smith	Global Entertainment	0.88	+0.02	£26m	John G. Smith
Global Media Fund	0.87	+0.02	£25m	John G. Smith	Global Media	0.87	+0.02	£25m	John G. Smith
Global Entertainment Fund	0.86	+0.02	£24m	John G. Smith	Global Entertainment	0.86	+0.02	£24m	John G. Smith
Global Media Fund	0.85	+0.02	£23m	John G. Smith	Global Media	0.85	+0.02	£23m	John G. Smith
Global Entertainment Fund	0.84	+0.02	£22m	John G. Smith	Global Entertainment	0.84	+0.02	£22m	John G. Smith
Global Media Fund	0.83	+0.02	£21m	John G. Smith	Global Media	0.83	+0.02	£21m	John G. Smith
Global Entertainment Fund	0.82	+0.02	£20m	John G. Smith	Global Entertainment	0.82	+0.02	£20m	John G. Smith
Global Media Fund	0.81	+0.02	£19m	John G. Smith	Global Media	0.81	+0.02	£19m	John G. Smith
Global Entertainment Fund	0.80	+0.02	£18m	John G. Smith	Global Entertainment	0.80	+0.02	£18m	John G. Smith
Global Media Fund	0.79	+0.02	£17m	John G. Smith	Global Media	0.79	+0.02	£17m	John G. Smith
Global Entertainment Fund	0.78	+0.02	£16m	John G. Smith	Global Entertainment	0.78	+0.02	£16m	John G. Smith
Global Media Fund	0.77	+0.02	£15m	John G. Smith	Global Media	0.77	+0.02	£15m	John G. Smith
Global Entertainment Fund	0.76	+0.02	£14m	John G. Smith	Global Entertainment	0.76	+0.02	£14m	John G. Smith
Global Media Fund	0.75	+0.02	£13m	John G. Smith	Global Media	0.75	+0.02	£13m	John G. Smith
Global Entertainment Fund	0.74	+0.02	£12m	John G. Smith	Global Entertainment	0.74	+0.02	£12m	John G. Smith
Global Media Fund	0.73	+0.02	£11m	John G. Smith	Global Media	0.73	+0.02	£11m	John G. Smith
Global Entertainment Fund	0.72	+0.02	£10m	John G. Smith	Global Entertainment	0.72	+0.02	£10m	John G. Smith
Global Media Fund	0.71	+0.02	£9m	John G. Smith	Global Media	0.71	+0.02	£9m	John G. Smith
Global Entertainment Fund	0.70	+0.02	£8m	John G. Smith	Global Entertainment	0.70	+0.02	£8m	John G. Smith
Global Media Fund	0.69	+0.02	£7m	John G. Smith	Global Media	0.69	+0.02	£7m	John G. Smith
Global Entertainment Fund	0.68	+0.02	£6m	John G. Smith	Global Entertainment	0.68	+0.02	£6m	John G. Smith
Global Media Fund	0.67	+0.02	£5m	John G. Smith	Global Media	0.67	+0.02	£5m	John G. Smith
Global Entertainment Fund	0.66	+0.02	£4m	John G. Smith	Global Entertainment	0.66	+0.02	£4m	John G. Smith
Global Media Fund	0.65	+0.02	£3m	John G. Smith	Global Media	0.65	+0.02	£3m	John G. Smith
Global Entertainment Fund	0.64	+0.02	£2m	John G. Smith	Global Entertainment	0.64	+0.02	£2m	John G. Smith
Global Media Fund	0.63	+0.02	£1m	John G. Smith	Global Media	0.63	+0.02	£1m	John G. Smith
Global Entertainment Fund	0.62	+0.02	£0.5m	John G. Smith	Global Entertainment	0.62	+0.02	£0.5m	John G. Smith
Global Media Fund	0.61	+0.02	£0.2m	John G. Smith	Global Media	0.61	+0.02	£0.2m	John G. Smith
Global Entertainment Fund	0.60	+0.02	£0.1m	John G. Smith	Global Entertainment	0.60	+0.02	£0.1m	John G. Smith
Global Media Fund	0.59	+0.02	£0.05m	John G. Smith	Global Media	0.59	+0.02	£0.05m	John G. Smith
Global Entertainment Fund	0.58	+0.02	£0.02m	John G. Smith	Global Entertainment	0.58	+0.02	£0.02m	John G. Smith
Global Media Fund	0.57	+0.02	£0.01m	John G. Smith	Global Media	0.57	+0.02	£0.01m	John G. Smith
Global Entertainment Fund	0.56	+0.02	£0.005m	John G. Smith	Global Entertainment	0.56	+0.02	£0.005m	John G. Smith
Global Media Fund	0.55	+0.02	£0.002m	John G. Smith	Global Media	0.55	+0.02	£0.002m	John G. Smith
Global Entertainment Fund	0.54	+0.02	£0.001m	John G. Smith	Global Entertainment	0.54	+0.02	£0.001m	John G. Smith
Global Media Fund	0.53	+0.02	£0.0005m	John G. Smith	Global Media	0.53	+0.02	£0.0005m	John G. Smith
Global Entertainment Fund	0.52	+0.02	£0.0002m	John G. Smith	Global Entertainment	0.52	+0.02	£0.0002m	John G. Smith
Global Media Fund	0.51	+0.02	£0.0001m	John G. Smith	Global Media	0.51	+0.02	£0.0001m	John G. Smith
Global Entertainment Fund	0.50	+0.02	£0.00005m	John G. Smith	Global Entertainment	0.50	+0.02	£0.00005m	John G. Smith
Global Media Fund	0.49	+0.02	£0.00002m	John G. Smith	Global Media	0.49	+0.02	£0.00002m	John G. Smith
Global Entertainment Fund	0.48	+0.02	£0.00001m	John G. Smith	Global Entertainment	0.48	+0.02	£0.00001m	John G. Smith
Global Media Fund	0.47	+0.02	£0.000005m	John G. Smith	Global Media	0.47	+0.02	£0.000005m	John G. Smith
Global Entertainment Fund	0.46	+0.02	£0.000002m	John G. Smith	Global Entertainment	0.46	+0.02	£0.000002m	John G. Smith
Global Media Fund	0.45	+0.02	£0.000001m	John G. Smith	Global Media	0.45	+0.02	£0.000001m	John G. Smith
Global Entertainment Fund	0.44	+0.02	£0.0000005m	John G. Smith	Global Entertainment	0.44	+0.02	£0.0000005m	John G. Smith
Global Media Fund	0.43	+0.02	£0.0000002m	John G. Smith	Global Media	0.43	+0.02	£0.0000002m	John G. Smith
Global Entertainment Fund	0.42	+0.02	£0.0000001m	John G. Smith	Global Entertainment	0.42	+0.02	£0.0000001m	John G. Smith
Global Media Fund	0.41	+0.02	£0.00000005m	John G. Smith	Global Media	0.41	+0.02	£0.00000005m	John G. Smith
Global Entertainment Fund	0.40	+0.02	£0.00000002m	John G. Smith	Global Entertainment	0.40	+0.02	£0.00000002m	John G. Smith
Global Media Fund	0.39	+0.02	£0.00000001m	John G. Smith	Global Media	0.39	+0.02	£0.00000001m	John G. Smith
Global Entertainment Fund	0.38	+0.02	£0.000000005m	John G. Smith	Global Entertainment	0.38	+0.02	£0.000000005m	John G. Smith
Global Media Fund	0.37	+0.02	£0.000000002m	John G. Smith	Global Media	0.37	+0.02	£0.000000002m	John G. Smith
Global Entertainment Fund	0.36	+0.02	£0.000000001m	John G. Smith	Global Entertainment	0.36	+0.02	£0.000000001m	John G. Smith
Global Media Fund	0.35	+0.02	£0.0000000005m	John G. Smith	Global Media	0.35	+0.02	£0.0000000005m	John G. Smith
Global Entertainment Fund	0.34	+0.02	£0.0000000002m	John G. Smith	Global Entertainment	0.34	+0.02	£0.0000000002m	John G. Smith
Global Media Fund	0.33	+0.02	£0.0000000001m	John G. Smith	Global Media	0.33	+0.02	£0.0000000001m	John G. Smith
Global Entertainment Fund	0.32	+0.02	£0.00000000005m	John G. Smith	Global Entertainment	0.32	+0.02	£0.00000000005m	John G. Smith
Global Media Fund	0.31	+0.02	£0.00000000002m	John G. Smith	Global Media	0.31	+0.02	£0.00000000002m	John G. Smith
Global Entertainment Fund	0.30	+0.02	£0.00000000001m	John G. Smith	Global Entertainment	0.30	+0.02	£0.00000000001m	John G. Smith
Global Media Fund	0.29	+0.02	£0.000000000005m	John G. Smith	Global Media	0.29	+0.02	£0.000000000005m	John G. Smith
Global Entertainment Fund	0.28	+0.02	£0.000000000002m	John G. Smith	Global Entertainment	0.28	+0.02	£0.000000000002m	John G. Smith
Global Media Fund	0.27	+0.02	£0.000000000001m	John G. Smith	Global Media	0.27	+0.02	£0.000000000001m	John G. Smith
Global Entertainment Fund	0.26	+0.02	£0.0000000000005m	John G. Smith	Global Entertainment	0.26	+0.02	£0.0000000000005m	John G. Smith
Global Media Fund	0.25	+0.02	£0.0000000000002m	John G. Smith	Global Media	0.25	+0.02	£0.0000000000002m	John G. Smith
Global Entertainment Fund	0.24	+0.02	£0.0000000000001m	John G. Smith	Global Entertainment	0.24	+0.02	£0.0000000000001m	John G. Smith
Global Media Fund	0.23	+0.02	£0.00000000000005m	John G. Smith	Global Media	0.23	+0.02	£0.00000000000005m	John G. Smith
Global Entertainment Fund	0.22	+0.02	£0.00000000000002m	John G. Smith	Global Entertainment	0.22	+0.02	£0.00000000000002m	John G. Smith
Global Media Fund	0.21	+0.02	£0.00000000000001m	John G. Smith	Global Media	0.21	+0.02	£0.00000000000001m	John G. Smith
Global Entertainment Fund	0.20	+0.02	£0.000000000000005m	John G. Smith	Global Entertainment	0.20	+0.02	£0.000000000000005m	John G. Smith
Global Media Fund	0.19	+0.02	£0.000000000000002m	John G. Smith	Global Media	0.19	+0.02	£0.000000000000002m	John G. Smith
Global Entertainment Fund	0.18	+0.02	£0.000000000000001m	John G. Smith	Global Entertainment	0.18	+0.02	£0.000000000000001m	John G. Smith
Global Media Fund	0.17	+0.02	£0.0000000000000005m	John G. Smith	Global Media	0.17	+0.02	£0.0000000000000005m	John G. Smith
Global Entertainment Fund	0.16	+0.02	£0.0000000000000002m	John G. Smith	Global Entertainment	0.16	+0.02	£0.0000000000000002m	John G. Smith
Global Media Fund	0.15	+0.02	£0.0000000000000001m	John G. Smith	Global Media	0.15	+0.02	£0.0000000000000001m	John G. Smith
Global Entertainment Fund	0.14	+0.02	£0.00000000000000005m	John G. Smith	Global Entertainment	0.14	+0.02	£0.00000000000000005m	John G. Smith
Global Media Fund	0.13	+0.02	£0.00000000000000002m	John G. Smith	Global Media	0.13	+0.02	£0.00000000000000002m	John G. Smith
Global Entertainment Fund	0.12	+0.02	£0.00000000000000001m	John G. Smith	Global Entertainment	0.12	+0.02	£0.00000000000000001m	John G. Smith
Global Media Fund	0.11	+0.02	£0.						





**INVESTMENT TRUSTS - Contd**

39	156	10	10	10	10
38	155	10	10	10	10
37	154	10	10	10	10
36	153	10	10	10	10
35	152	10	10	10	10
34	151	10	10	10	10
33	150	10	10	10	10
32	149	10	10	10	10
31	148	10	10	10	10
30	147	10	10	10	10
29	146	10	10	10	10
28	145	10	10	10	10
27	144	10	10	10	10
26	143	10	10	10	10
25	142	10	10	10	10
24	141	10	10	10	10
23	140	10	10	10	10
22	139	10	10	10	10
21	138	10	10	10	10
20	137	10	10	10	10
19	136	10	10	10	10
18	135	10	10	10	10
17	134	10	10	10	10
16	133	10	10	10	10
15	132	10	10	10	10
14	131	10	10	10	10
13	130	10	10	10	10
12	129	10	10	10	10
11	128	10	10	10	10
10	127	10	10	10	10
9	126	10	10	10	10
8	125	10	10	10	10
7	124	10	10	10	10
6	123	10	10	10	10
5	122	10	10	10	10
4	121	10	10	10	10
3	120	10	10	10	10
2	119	10	10	10	10
1	118	10	10	10	10

87	173	9.5	0.3	126.3	77.4
88	173	9.6	2.3	127.2	13.7
89	-	-	-	-	-
90	71	6.8	-	-	-
91	10	1	-	30.2	43.3
92	32	5	1.1	51.8	32.4
93	126	101	8.9	126.5	101
94	67	105	4.4	100.1	67
95	105	4	2.3	105.3	7.9
96	-	31.5	-	-	-
97	119	105	0.6	112.1	-3.0
98	119	175	-	-	-
99	121	175	0.6	114.9	1.7
100	121	101	-	115.8	-4.8
101	121	20	1.3	100.3	22.8
102	121	-	-	-	-
103	34	31.4	-	-	-
104	-	-	-	-	-
105	73	12.1	93.7	16.3	-
106	177	-	-	-	-
107	180	3.8	102.3	0.1	-
108	20	4.7	-	-	-
109	20	1.2	96.7	23.5	-

77	100	95.3	6.7
78	100	14.7	85.3
79	110	92	8
80	110	36.8	63.2
81	110	4.8	95.2
82	105	4.8	95.2
83	110	15	85
84	110	15	85
85	110	15	85
86	110	15	85
87	110	15	85
88	110	15	85
89	110	15	85
90	110	15	85
91	110	15	85
92	110	15	85
93	110	15	85
94	110	15	85
95	110	15	85
96	110	15	85
97	110	15	85
98	110	15	85
99	110	15	85
100	110	15	85

199	4.3	20.6	18.1
198	3.7	12.8	10.8
197	3.6	11.8	11.2
196	0.7	0.1	2.9
195	0.4	0.3	2.9
194	2.9	1.1	3.9
193	2.9	1.1	3.9
192	2.9	1.1	3.9
191	2.9	1.1	3.9
190	2.9	1.1	3.9
189	2.9	1.1	3.9
188	2.9	1.1	3.9
187	2.9	1.1	3.9
186	2.9	1.1	3.9
185	2.9	1.1	3.9
184	2.9	1.1	3.9
183	2.9	1.1	3.9
182	2.9	1.1	3.9
181	2.9	1.1	3.9
180	2.9	1.1	3.9
179	2.9	1.1	3.9
178	2.9	1.1	3.9
177	2.9	1.1	3.9
176	2.9	1.1	3.9
175	2.9	1.1	3.9
174	2.9	1.1	3.9
173	2.9	1.1	3.9
172	2.9	1.1	3.9
171	2.9	1.1	3.9
170	2.9	1.1	3.9
169	2.9	1.1	3.9
168	2.9	1.1	3.9
167	2.9	1.1	3.9
166	2.9	1.1	3.9
165	2.9	1.1	3.9
164	2.9	1.1	3.9
163	2.9	1.1	3.9
162	2.9	1.1	3.9
161	2.9	1.1	3.9
160	2.9	1.1	3.9
159	2.9	1.1	3.9
158	2.9	1.1	3.9
157	2.9	1.1	3.9
156	2.9	1.1	3.9
155	2.9	1.1	3.9
154	2.9	1.1	3.9
153	2.9	1.1	3.9
152	2.9	1.1	3.9
151	2.9	1.1	3.9
150	2.9	1.1	3.9
149	2.9	1.1	3.9
148	2.9	1.1	3.9
147	2.9	1.1	3.9
146	2.9	1.1	3.9
145	2.9	1.1	3.9
144	2.9	1.1	3.9
143	2.9	1.1	3.9
142	2.9	1.1	3.9
141	2.9	1.1	3.9
140	2.9	1.1	3.9
139	2.9	1.1	3.9
138	2.9	1.1	3.9
137	2.9	1.1	3.9
136	2.9	1.1	3.9
135	2.9	1.1	3.9
134	2.9	1.1	3.9
133	2.9	1.1	3.9
132	2.9	1.1	3.9
131	2.9	1.1	3.9
130	2.9	1.1	3.9
129	2.9	1.1	3.9
128	2.9	1.1	3.9
127	2.9	1.1	3.9
126	2.9	1.1	3.9
125	2.9	1.1	3.9
124	2.9	1.1	3.9
123	2.9	1.1	3.9
122	2.9	1.1	3.9
121	2.9	1.1	3.9
120	2.9	1.1	3.9
119	2.9	1.1	3.9
118	2.9	1.1	3.9
117	2.9	1.1	3.9
116	2.9	1.1	3.9
115	2.9	1.1	3.9
114	2.9	1.1	3.9
113	2.9	1.1	3.9
112	2.9	1.1	3.9
111	2.9	1.1	3.9
110	2.9	1.1	3.9
109	2.9	1.1	3.9
108	2.9	1.1	3.9
107	2.9	1.1	3.9
106	2.9	1.1	3.9
105	2.9	1.1	3.9
104	2.9	1.1	3.9
103	2.9	1.1	3.9
102	2.9	1.1	3.9
101	2.9	1.1	3.9
100	2.9	1.1	3.9
99	2.9	1.1	3.9
98	2.9	1.1	3.9
97	2.9	1.1	3.9
96	2.9	1.1	3.9
95	2.9	1.1	3.9
94	2.9	1.1	3.9
93	2.9	1.1	3.9
92	2.9	1.1	3.9
91	2.9	1.1	3.9
90	2.9	1.1	3.9
89	2.9	1.	

79	-101.4	8.3		
80	-101.4	8.3		
81	0.4	86.6	11.4	
82	0.4	85.2	10.0	
83	0.4	85.2	10.0	
84	11.0	-140.7	87.0	
85	-	-	-	
86	-	-	-	
87	116	3.1	182.7	18.2
88	116	3.1	182.7	18.2
89	116	3.1	182.7	18.2
90	116	3.1	182.7	18.2
91	116	3.1	182.7	18.2
92	116	3.1	182.7	18.2
93	116	3.1	182.7	18.2
94	116	3.1	182.7	18.2
95	116	3.1	182.7	18.2
96	116	3.1	182.7	18.2
97	116	3.1	182.7	18.2
98	116	3.1	182.7	18.2
99	116	3.1	182.7	18.2
100	116	3.1	182.7	18.2
101	116	3.1	182.7	18.2
102	116	3.1	182.7	18.2
103	116	3.1	182.7	18.2
104	116	3.1	182.7	18.2
105	116	3.1	182.7	18.2
106	116	3.1	182.7	18.2
107	116	3.1	182.7	18.2
108	116	3.1	182.7	18.2
109	116	3.1	182.7	18.2
110	116	3.1	182.7	18.2
111	116	3.1	182.7	18.2
112	116	3.1	182.7	18.2
113	116	3.1	182.7	18.2
114	116	3.1	182.7	18.2
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119	116	3.1	182.7	18.2
120	116	3.1	182.7	18.2
121	116	3.1	182.7	18.2
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123	116	3.1	182.7	18.2
124	116	3.1	182.7	18.2
125	116	3.1	182.7	18.2
126	116	3.1	182.7	18.2
127	116	3.1	182.7	18.2
128	116	3.1	182.7	18.2
129	116	3.1	182.7	18.2
130	116	3.1	182.7	18.2
131	116	3.1	182.7	18.2
132	116	3.1	182.7	18.2
133	116	3.1	182.7	18.2
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135	116	3.1	182.7	18.2
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137	116	3.1	182.7	18.2
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139	116	3.1	182.7	18.2
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160	116	3.1	182.7	18.2
161	116	3.1	182.7	18.2
162	116	3.1	182.7	18.2
163	116	3.1	182.7	18.2
164	116	3.1	182.7	18.2
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166	116	3.1	182.7	18.2
167	116	3.1	182.7	18.2
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173	116	3.1	182.7	18.2
174	116	3.1	182.7	18.2
175	116	3.1	182.7	18.2
176	116	3.1	182.7	18.2
177	116	3.1	182.7	18.2
178	116	3.1	182.7	18.2
179	116	3.1	182.7	18.2
180	116	3.1	182.7	18.2
181	116	3.1	182.7	18.2
182	116	3.1	182.7	18.2
183	116	3.1	182.7	18.2
184	116	3.1	182.7	18.2
185	116	3.1	182.7	18.2
186	116	3.1	182.7	18.2
187	116	3.1	182.7	18.2
188	116	3.1	182.7	18.2
189	116	3.1	182.7	18.2
190	116	3.1	182.7	18.2
191	116	3.1	182.7	18.2
192	116	3.1	182.7	18.2
193	116	3.1	182.7	18.2
194	116	3.1	182.7	18.2
195	116	3.1	182.7	18.2
196	116	3.1	182.7	18.2
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198	116	3.1	182.7	18.2
199	116	3.1	182.7	18.2
200	116	3.1	182.7	18.2
201	116	3.1	182.7	18.2
202	116	3.1	182.7	18.2
203	116	3.1	182.7	18.2
204	116	3.1	182.7	18.2
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212	116	3.1	182.7	18.2
213	116	3.1	182.7	18.2
214	116	3.1	182.7	18.2
215	116	3.1	182.7	18.2
216	116	3.1	182.7	18.2
217	116	3.1	182.7	18.2
218	116	3.1	182.7	18.2
219	116	3.1	182.7	18.2
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223	116	3.1	182.7	18.2
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225	116	3.1	182.7	18.2
226	116	3.1	182.7	18.2
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229	116	3.1	182.7	18.2
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334	116	3.1	182.7	18.2
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337	116	3.1	182.7	18.2
338	116	3.1	182.7	18.2
339	116	3.1	182.7	18.2
340	116	3.1	182.7	18.2
341	116	3.1	182.7	18.2
342	116	3.1	182.7	18.2
343	116	3.1	182.7	18.2
344	116	3.1	182.7	18.2
345				

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## LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

Stock	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	99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Sir James Goldsmith's sale of Newmont Mining shares starts surge

## Gold price rises to highest level since Gulf war

By Kenneth Gooding,  
Mining Correspondent

THE PRICE of gold, driven by New York investment fund activity, rose sharply again yesterday to close in London at \$390 a troy ounce, its highest level since the Gulf war 30 months ago.

Share prices of gold mining companies world-wide followed the precious metal upwards.

The latest gold surge started on Wednesday after Sir James Goldsmith, the international financier, announced he was to sell another big block of shares in Newmont Mining, North America's largest gold producer, and buy gold bullion instead.

Gold moved up \$5.25 an ounce on Thursday in London and rose another \$6.50 yesterday.

Some analysts, however, suggested that gold's rise had more to do with the rains which have prevented soya beans being sown across a wide area of the US. This caused the US Commodity Research Bureau's futures index, seen by New York invest-

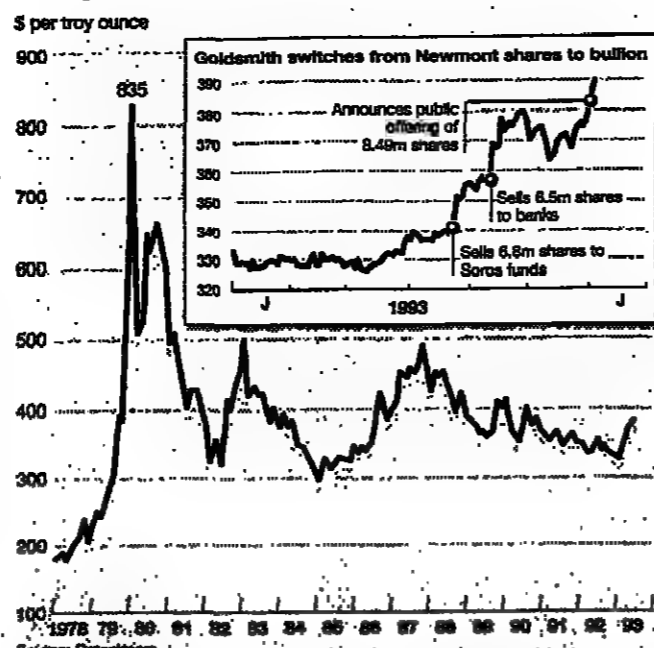
ment funds as an important indicator of future inflation, to move up quickly, triggering a move into gold and silver as a hedge against inflation.

Silver's price has risen by 36 cents since the CRB index rose on Wednesday, to close at 492.5 cents an ounce in London last night.

"All gold activity is being caused by New York futures markets and the speculative funds. There is no demand for gold bullion at these prices, particularly in the Far East," said Mr Andy Smith, analyst at the Union Bank of Switzerland.

Nevertheless, Sir James will be pleased with his campaign. The publicity he gave to his sale of Newmont shares to another high-profile financier, Mr George Soros, in April, put fire back into the gold market. He used some of the proceeds from Mr Soros's funds to buy call options which helped to push up the gold price which in January was languishing at a seven-year low of \$327 an ounce. He sold more Newmont

Gold price - this bull rolls uphill



shares and the price rallied. Analysts suggest that, if he used only half the \$440m (£283.30m) he can expect from the next sale of Newmont shares to buy more options, it would push the gold price through the psychologically-important \$400 level.

Meanwhile, the Newmont share price, which normally would have fallen because 9.65m shares are on offer, instead improved with the rest of the market by 81% to \$664 in early New York

trading yesterday. Sir James bought his shares for \$39 each. When the next sale is completed, he will have reduced his Newmont holding from about 45 per cent to only 5 per cent.

Some analysts warned of the dangers inherent in a speculative gold rally. "At what point do the funds turn from buyers to sellers?" one asked.

Week in the markets, Page 8  
Commodities, Page 10

## EC argues over £121bn aid package

By David Gardner in Brussels

THE 12 European Community member states were last night at odds over how to divide up the £121bn (£121bn) structural aid and regional development budget for 1994-99.

As each country tried to secure more EC funds, the larger states also launched an assault on the European Commission's right to decide how money for the Community's industrially stricken regions is allocated.

Mr Willy Claes, foreign minister of Belgium, which this week took over the EC presidency, said that "either we reach a timely decision, or we betray our jobs and break the promises of Edinburgh", where EC heads of government decided on the development package last December.

Ireland and the Netherlands

threatened to block any agreement on disbursing what is the largest amount of development aid in EC history unless they received guarantees on the share they are seeking.

Germany, Italy and the four poorest member states - Spain, Portugal, Greece and Ireland - also insisted that the eligibility threshold for Objective 1, which includes the most deprived regions, be held at 75 per cent of average per capita EC income.

These regions will get £121bn, plus the £15.5bn Cohesion Fund, which is for the four poorest countries, on the most flexible terms reserved for the Community's most backward areas.

The Commission wants Objective 1 status for Merseyside and the Scottish Highlands and Islands in the UK, Hainaut in

southern Belgium, and Cantabria in northern Spain, even though they are above the 75 per cent limit.

This will almost certainly be approved, to preserve a 1988 political deal making Northern Ireland and Corsica eligible for the most generous funding. Since then, Corsica has effectively set a new eligibility benchmark, by raising its per capita income to 79 per cent of the EC average. The areas proposed by the Commission are just inside this.

But Germany, by far the largest net contributor to the EC budget now, wants allocations on a strictly proportional per capita basis. Its eastern Länder - or states - where average income is around half the EC poorhouse threshold, would thus get much more.

Germany, France and the UK

were also seeking to deny the Commission the right to decide on "Objective 2" areas - those regions in industrial decline. In addition the UK was blocking Brussels' plans to spend part of the package's money for training the unemployed on retraining workers still in jobs but in danger of losing them because of industrial restructuring.

The UK also wanted tight limits on the amount Brussels allocates to Community-wide programmes, like those to revive former coal and steel areas, even though the UK has been a principal beneficiary.

Among those yesterday volunteering the share they intended to take away were Spain (£121bn), Ireland (£28bn), and the Netherlands (about £121bn). The UK appeared to be aiming at around £121bn.

## Gilts have the edge

THE LEX COLUMN

FT-SE Index: 2857.7 (-31.4)



Those many City pundits who thought that equities would outperform gilts this year must be growing nervous. In the first half, long gilts offered a total return of some 10 per cent, the FT-SE All-Share index little more than seven. There is not much sign there of the boost to equities from growth inspired by devaluation and low interest rates - or of the threat to gilts from the government's borrowing requirement. Indeed the two markets seem recently to have shown an even more diverging trend.

One explanation is that growth around the world is turning out disappointing while the forces of disinflation are stronger than many earlier thought. It is not just that the OECD is now forecasting growth of only 1.2 per cent for the industrial world this year. Oil prices are falling, and yesterday's weak US employment figures point to a faltering recovery. Such an environment seems made for bond markets.

Arguably, the UK ought to be an exception. Its growth rate will stand out among its European peers this year, but the OECD's expectation of 1.8 per cent is hardly that impressive. Some equity investors have evidently been prepared to bet on recovery. The FT-SE Mid 250 index which is heavily weighted towards cyclical stocks has outperformed the FT-SE 100 by a striking margin so far in 1993. Arguably, too, the latter has been dragged down by special situations, notably the US-inspired worries on healthcare stocks. But even the most determined optimist will be hard put to discern the earnings recovery which should underpin UK equity valuations. Until it arrives equities will have little incentive to make up lost ground, especially now sterling is strong and the government has set its sights against a further cut in interest rates.

### Rentokil/Securiguard

There must have been little doubt after Rentokil's 34p offer that Securiguard would sue for peace. Less certain is that Rentokil needed to offer quite so much to tip the balance in its favour. It may have felt Securiguard could drive a hard bargain because its shares are concentrated in the hands of relatively few institutions. If so, it will also have to live with a reputation for being a soft touch. That will not help in future acquisitions or calm worries that it is growing anxious about its ability to maintain its 20 per cent earnings growth.

### Asda

The UK's three biggest grocery chains have cause for complaint with Asda. Not only does the once-struggling retailer have the temerity to cling to existence, hampering their imperial designs, it then proceeds to utter harsh noises about the industry's future, jangling nerves and share prices throughout the sector. If Asda's revival continues at its present pace, then Sainsbury, Tesco and Safeway may have even more reason to be upset. Revamped Asda stores and an

expanding Dales discount chain could provide far stiffer competition in the low growth, low inflation environment of the 1990s.

But it would not do to get so swept up in the excitement, as Asda's share price has done this year. Much of the recovery rests with the belief that Asda can lift its 4 per cent margins closer to the 8 per cent achieved by the big three. Yet this supposition may be suspect should Asda's predictions prove correct. If the industry's margins do subside as price competition sharpens, it will be all the more difficult for Asda to fight the trend.

This year Asda will only make modest earnings progress as it refurbishes 40 stores. The critical test will then be how successfully it spends its £347m rights issue money to re-ignite sales growth in future. A share rating matching Sainsbury's takes a lot on trust when so much is still unknown. Investors may do better to favour those second tier stocks, such as Wm Morrison, Iceland or Shoprite, where continued growth prospects are more assured.

### British Airways

The postponement of Qantas's flotation highlights the clouds of uncertainty swirling around British Airways' strategy of buying minority shareholdings in foreign airlines. Given the highly politicised nature of the industry, BA may always struggle to exert control over such investments, which raises doubts about whether they will ever generate adequate returns. The Australian government's reshuffle of its privatisation priorities has ensured Qantas will not now be floated until late next year. This creates further confusion. It also delays the day BA will receive a dividend income from its 25 per cent stake, bought at a cost of £304m.

Much attention has focused on BA's controversial £198m investment in USAir. Doubts have been raised about whether BA can force sufficiently close links to justify the price paid. But at least USAir's preference shares yield a fixed income. Besides, BA is already showing a fair paper profit on its holding. It may take far longer for Qantas to show its worth. The carrier should eventually derive benefits from integrating Australian Airlines. It should also see good profits uplift once the lousy airline market improves. BA's shareholders who stumped up £42m to bankroll BA's global ambitions must certainly hope as much.

## Scepticism over Mates

Continued from Page 1

and inaccurate Mr Mates' suggestions that the fugitive businessman had not had access to documents seized as a result of a court order.

He also revealed that as a result of redirecting Mr Nadir's mail with a court order he had identified a Luxembourg bank account containing several thousands of pounds and a Mercedes car which Mr Nadir had illegally failed to disclose.

David Owen writes: Asked yesterday if the edited corres-

pondence between Mr Mates and senior law officers would ever be published, the government said it could when there was "no longer a risk of prejudice to the trial and publication would be consistent with the Crown's obligations to the court".

Asked how rigorously Sir Nicholas checked Mr Mates' allegations, the government said the attorney-general "took all the allegations seriously and sought reports from those best placed to know or in a position to discover what had occurred".

## Blow to apprentices' jobs

Continued from Page 1

and is now down to 6,100 with 300 more jobs to be shed by the end of this year. Rolls-Royce said that because some of the redundancies were now compulsory, it could not offer jobs to all its apprentices. Those made redundant would be given advice on obtaining jobs elsewhere.

For the first time in its history, Rolls-Royce does not expect to take on any apprentices this autumn at its UK plants. But it said it was "absolutely not" turning its back on the apprentice-

ship system. "Apprentices are important to our future, but there is in the short term a need to reduce the size of the company to become more competitive in a reduced world market," it said.

Mr Tony Pearce, district secretary of the AEEU, the union to which most of the apprentices at Filton and Patchway belong, said yesterday a wealth of engineering skills was being lost. "Thousands of pounds have been spent on training to no avail because there are no jobs to go to. It is a total tragedy. We are training people to put them on the dole."

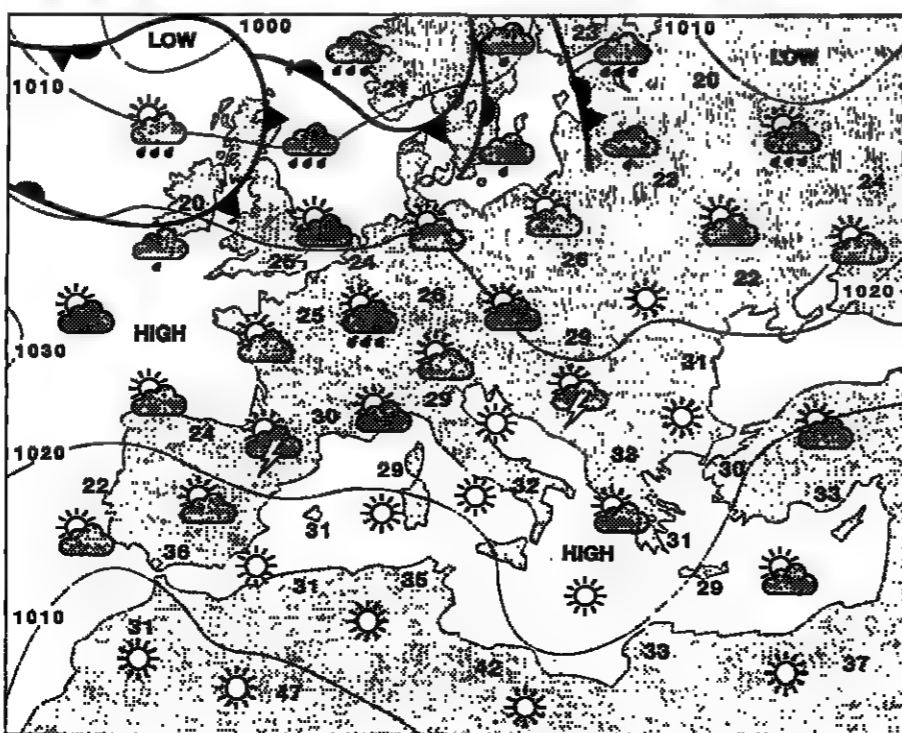
### FT WORLD WEATHER

#### Europe today

A depression will move towards Scandinavia. Its associated fronts will bring rain which will diminish to showers in south-west Norway and temperatures will fall. High pressure over south-east Europe is weakening, but will still bring sunshine to the area from Sardinia to Bulgaria. In former Yugoslavia, some local thunderstorms are expected. It will continue warm, with sunny spells from Austria to the Low Countries and into Spain. However, coastal temperatures will drop several degrees because of sea breezes bringing cooler air from the colder sea water. In the Pyrenees some thunder showers will develop. Temperatures along the Mediterranean coasts will be tropical with readings above 30C.

#### Five-day forecast

High pressure will move from the Atlantic Ocean to Ireland. This will cause a north-westerly air current next week with cloudy conditions and some rain spreading across northern Europe. The winds will increase and temperatures will fall by 5C-10C. The Mediterranean countries will remain warm and sunny with temperatures as high as 35C. In central Europe it will be increasingly cloudy with some scattered showers developing.



#### TODAY'S TEMPERATURES

Maximum	Berlin	fair	26	Chicago	thund	32	Faro	sun	30	Majorca	fair	30	Rangoon	fair	30
Celestus	Bermuda	fair	28	Cologne	fair	28	Frankfurt	sun	29	Malta	sun	34	Raidvik	rain	12
Alu Dhabi	Birmingham	cloudy	24	Copenhagen	cloudy	29	Geneva	shower	28	Manchester	cloudy	23	Riyadh	sun	42
Accra	Bogota	fair	18	D'S Salas	thund	29	Glasgow	rain	19	Mexico City	fair	34	Rome	fair	30
Algiers	Bombay	sun	33	Dakar	sun	33	Hamburg	cloudy	23	Montreal	fair	15	S' Francisco	sun	27
Amsterdam	Bordeaux	shower	26	Dallas	sun	36	Heidelberg	fair	22	Moscow	cloudy	23	Singapore	thund	30
Athens	Buenos Aires	fair	26	Darwin	fair	31	Hong Kong	cloudy	31	Miami	thund	32	Stockholm	cloudy	23
Bangkok	Buenos Aires	sun	34	Delhi	sun	37	Honolulu	fair	31	Milan	fair	29	Strasbourg	shower	29
Barcelona	Buenos Aires	fair	17	Dubai	sun	42	Isle of Man	cloudy	28	Montreal	fair	27	Sydney	fair	17
Batavia	Buenos Aires	sun	34	Dublin	thund	23	Istanbul	thund	31	Moscow	rain	20	Tai Ansh	fair	17
Bombay	Buenos Aires	sun	34	Edinburgh	cloudy	23	Kuala Lumpur	thund	31	Moscow	rain	20	Tokyo	shower	20
Buenos Aires	Buenos Aires	sun	34	Edinburgh	cloudy	23	Karachi	thund	37	Naples	thund	35	Toronto	sun	25
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## Saigon, where the past is another country

**W**HEN I was seven, my family moved from Ottawa, a placid northern city of snow banks and bureaucracy, to Saigon. Here, for the first time, I experienced the sweltering bustle of an Asian city in the tropics and felt an excitement which has stayed with me. But, even to a small child, it was obvious that an exotic climate was the least of differences between this city and my own secure world.

In 1959, Saigon was between two wars. It was neither the French provincial city it had once been, nor the war-torn American rear base it was to become. The catastrophic French defeat of Dien Bien Phu had taken place five years before. It would be another six years before the first American troops waded into combat off the beaches at Da Nang. But, in a city of eternal debate and recovery, 1959 was a year as portentous as any: it was the year in which Ho Chi Minh began sending North Vietnamese soldiers over the 17th parallel in aid of the south's "national liberation."

For my father, it was the beginning of a diplomatic posting he was to find the most tragically compelling in a lifetime of postings. As a member of an international commission set up to monitor post-colonial peace accords between the communist north and the western-backed south, he was to watch the rapid dissolution of Vietnam's fragile stability and its slide back into confrontation and war.

For me, of course, there was nothing tragic or compelling about it. Adults found it difficult enough to see a meaningful pattern in the deceptions, political intrigues, corruption and misplaced enthusiasms that made up Saigon at the time. Children did not try. As Vietnam became an ever more obsessive concern in the minds of American anti-communist strategists - the first "domino" that they believed would set south-east Asia toppling - my own mind pursued more immediate concerns: those of discovering a new, different, and wholly alluring world.

For more than 30 years after, I carried round a set of childhood images of Saigon, some hazy, some etched deeply and fixed forever. Recently, I returned to Vietnam. Like me, like the entire face of the

earth, the city has changed. Once again, Saigon became a new and different world to discover. Through the wondering eyes of a seven-year-old, any place at all has the ability to fix in the mind the vivid impression, the haunting image. What surprised me about Saigon is that it retains that power still.

□ □ □

WE LIVED in a large, walled compound in a villa built in the French Art Deco style of the 1930s. Beyond the wall lay a wide boulevard, a river down which a stream of motor-cycles, bicycles and three-wheeled *cyclo-pous* flowed from dawn to dusk in full, noisy spate. Unlike Canada, where life's intimacies lay hidden behind double-glazed windows and thick curtains, Saigon revealed itself in unself-conscious fashion on its footpaths. Children urinated in the gutters. Women washed themselves squat-

ting on the ground in front of enamel tubs. Old men with bony ribs caged dozed on hard, wooden beds. Scribes bashed away at antique typewriters, their clients dictating at their sides. Dentists yanked teeth, barbers cut hair, doctors ministered, saffron-robed *bonzes* promenade with begging bowls in hand. It was smelly, hot, noisy - and, to a child trapped with his parents in the back seat of a black diplomatic car, infinitely appealing.

But small boys rarely were let loose into the melee of Saigonese street life. Although the French no longer ruled Indochina, Saigon was still very much a city with a French

flavour, an outpost of French commercial interests in the metropole, and home to the families that oversaw them. We lived the kind of privileged life that French expatriates throughout Asia and Africa had made for themselves and enjoyed for decades.

I was enrolled in a French school, made blotted messes in my *cahiers* with old-fashioned nib pens, and muddled over the mysteries of French verb conjugation. My older sister, influenced by schoolgirl friends and visits to Saigon's pink brick Notre Dame cathedral, developed an obsession with Catholicism and announced her intention of becoming a nun.

At the *Cercle Sportif*, we swam and sunbathed and watched staid colonial matrons raising eyebrows at that daring new French invention, the bikini. At home, we chased geckos and lizards across the walls. At the back of the house, we crouched on our bums in imitation of the gardeners and house servants and, fascinated, watched them hack and spit and smoke tobacco through thick, bamboo tubes. On weekends, there were drives through rubber plantations to water-skiing on the Saigon river; on holidays, we stayed at country *caberges* in the hills and pine forests of Dalat.

Only occasionally in this cocooned existence were there hints - talk overheard in adults' cocktail parties of civil disturbances, riots, brutal government repression and a war going badly in the hills and paddy fields to the north - that Vietnam was not simply some wonderfully warm and sunny playground. By the time we left in 1961, Saigon was already a city sitting squarely in the path of a fast-accelerating, oncoming disaster.

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IT IS 18 years since Hanoi's tanks smashed through the gates of Saigon's presidential palace and brought the cataclysm of the Vietnam war to an end. But signs of that great disruption are everywhere in the city's physical make-up, and more disturbingly, in its population. The war's aftermath is a drawn-out trauma from which Saigon is easing itself only slowly.

French Saigon is still there but, in today's re-named Ho Chi Minh City, it lies buried, like an archaeological layer, under more recent, suc-



Colin Williams

cessive accretions deposited by Americans, Russians and North Vietnamese. To find it, one must burrow.

I took a room overlooking the former rue Catinat, once the heart of colonial Saigon and today called Dong Khoi (or Victory) street. The hotel of the same name, once known as the *Hôtel de la Liberté*, might once have been a gracious pile; today, it is a gloomy and crumbling relic. Its decorative stained glass windows are cracked, its marble and wrought iron staircases are dirty, its tiled *zib* suites have been painted a dingy,

battleship grey. From my upstairs balcony I searched the street, looking for signs of the past.

There are still antique shops lining the avenue, and you can still find delicate crystal and bronze art nouveau lamps, pocket watches from Besancon and Geneva, old editions of Stendhal and Camus. But these now share a place with newer antiques more popular with today's visiting souvenir hunters. There are Zippo lighters engraved with the sexual doggerel of lonely 18-year-old GIs who, if they are alive at all, are now in their middle age. There are rusty field compasses, naval clocks,

altitude gauges from US warplanes, army-issue eye-glasses, insignia and shoulder flashes, and even old jungle combat boots.

There is something tragic and obscene in this trading in bloody memories, but it is not nearly as tragic as the human war mementoes who also haunt the street: amputees who stump, wheel-chair cases who roll, living on handouts and charity. Nor is it as sad as the city's remaining Amer-Asians, the issue of hasty rest and recuperation liaisons with servicemen, some of whom continue to live in Saigon in spite of an American programme to

take them "home." Nor as wasteful and unrealised as the scores of Saigonese street children who roam the old rue Catinat, products of a dislocated society, living by vending and begging and petty theft.

Everyone aged more than 20 has a war story here. Strolling along the street, you will meet fortune tellers who used to be businessmen, second-hand book traders who were senior government officials, noodle cooks who once flew jet fighters.

Remnants of Vietnam's smashed and painful history are everywhere. They loom large in the old concrete-shielded and pillar-boxed US embassy, from where diplomats, top soldiers and politicians fled in a chaotic, roof-top helicopter evacuation in 1975. They are evident, too, in the dull, east bloc-style architecture erected on city boulevards by the Soviets before their own recent departure. They surround the steel and glass one-time presidential palace - today Reunification Hall, the seat of local rule by a Hanoi government 1,200 kms to the north.

Saigon's disjointed past made finding my own past difficult. When the southern republic disappeared, so also did all the officials, administrative bodies and documentation that might have helped me in my search. Visits to various offices proved useless: officialdom in Vietnam today is no lighter-handed than elsewhere in what remains of the socialist world.

Somewhere in the stored archives of the former regime, I was told in a polite but stony-faced manner, there probably was a record of where the old International Control Commission villa was located. Unfortunately, though, it could take weeks or months to find - or not be found at all. I rented a bicycle and began to look for myself.

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THERE IS a line in the opening pages of Graham Greene's novel of Vietnam, *The Quiet American*, which stayed in my mind as, hour after hour, I cycled through the humid, soupy atmosphere of Saigon's crowded streets. When jaded and world-weary war reporter Thomas Fowler loses Phuong, his Vietnamese mistress, to a naive young American diplomat newly arrived in Saigon, he reflects bitterly on the meaning of Phuong's name, which in Vietnamese means Phoenix. But "nothing nowadays is fabulous," he tells himself, "and nothing rises from its ashes."

Greene was pessimistic about the fate of Vietnam even when he wrote *The Quiet American* in 1954 and foresaw the tragic consequences of growing US involvement there. What would he think of Saigon 40 years later? I wondered. In spite of the great ache left by the war and a damaging US trade embargo that continues even today, Saigon is rising from its ashes. Greene might be pleasantly surprised.

Saigon might be known officially as Ho Chi Minh City, but its in-

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### The Long View / Barry Riley

## Markets on a tightrope



SO FAR, it is going more or less according to plan. At the beginning of the year, I suggested that the stock market would soon hit a high but would then struggle, and that it would be hard to make money except in second-

liners and recovery stocks. But I wonder if the stock market will get a bit more volatile later in the year. The first half-year was dull indeed. The high was reached on March 8, since then, the Footsie index of 100 leaders has tracked sideways relentlessly. It was, however, a very different story in small company stocks, with the Small-Cap index forging ahead steadily and showing a gain of 21 per cent after six months. With evidence of economic recovery accumulating, it was particularly agonising to be in recession-proof growth stocks (with Glaxo off more than a quarter, for instance).

This mediocre performance in UK equities is quite odd in one respect because the bond market has been consistently strong. Long-dated gilt-edged yields have fallen from 9 per cent in mid-January to 8.1 per cent at the end of June, which represents the unused success story of the financial markets in 1993 so far. The pessimists who expected gilt yields to climb towards 10 per cent are looking a little embarrassed.

Inflationary pressures have subsided more rapidly than most people expected and sterling has recovered its balance, encouraging foreigners to re-appear as major gilt-edged investors. But the margin of safety remains slim, as the narrow cover of only 1.1 times showed at this week's £3.25bn gilt auction of 10-year bonds.

Falling gilt yields normally would have encouraged price strength in equities, but dismal dividend prospects have prevented that. Not only are underlying dividend payments showing no growth but the company tax changes in the March Budget clobbered tax exempt investors by cutting their tax relief, so

that pension funds have suffered a 6 per cent fall in their gross dividend income from UK equities compared with a year ago.

In the meantime companies, by burying the market in new paper, have been signalling clearly their belief that shares are overpriced. Equity issues have totalled almost £7bn so far this year, and this month's first instalment for the BT3 issue will absorb another £1.9bn or so. Normal institutional cash flow of around £35bn a year is nowhere near enough to cope with this flood of equities on top of the torrent of gilts. Fortunately, there has been some help from a leap in unit trust net sales. These have risen from under £1bn to possibly near £4.5bn in the first six months as small savers have bailed out of low-interest deposit accounts. An influx of US pension fund money has helped, too.

**W**here do we go from here? In a sense, the UK market has been following the pattern set last year on Wall Street when a slow recovery and low interest rates caused the stock market to be trapped interminably between hope and payoff. Because American share prices have continued to track broadly sideways in 1993 so far - the FT-Actuaries US index is up just 3.5 per cent in dollar terms - there is a strong precedent for continued narrow ranging in London. But this would be a remarkable balancing act, and it is unlikely that stability will be so persistent.

Interest rates hold the key. In the US, short-term rates have been held steady at 3 per cent for 12 months now. There is much nervousness about the circumstances in which they might go up. A huge volume of US government paper has been absorbed by the banking system, with handsome profit margins created by the steepness of the yield curve (which goes up to 6.7 per cent for the long bond).

A double threat is posed to the US equity market by these circumstances. If the American economy strengthens convincingly and short-term rates are

raised, there could be a very nasty shake-out in bonds because of the contraction or elimination of the yield differentials, and higher interest rates would undermine stocks, too.

On the other hand, if the economy remains disappointingly sluggish and the bond market crisis is avoided, corporate earnings will fail to achieve the demanding recovery targets expected by investors. It seems unlikely that the US economy will continue to be just strong enough for the markets to balance on their present tightrope.

In the UK, by contrast, the immediate question is whether short-term rates have further to fall. Kenneth Clarke, the new chancellor, apparently does not want to cut (at least before he can tighten fiscal policy in his autumn Budget), but he might well be forced to respond to a DM crisis during the summer.

The Bundesbank threw down a modest gambit on Thursday, cutting its discount rate by half a point to 6 per cent. A further drop in sterling deposit rates, triggering an accelerated flight into unit trusts and equities, just might lead to a final surge in the already highly-priced UK equity market. The negative response to the Bundesbank's rate cut this week did not, however, exactly indicate bottled-up strength.

My inclination would be to sell into any strength, and prepare for a buffering later in the year if Wall Street takes a tumble. There is a 3.5 per cent inflation-protected yield available on index-linked gilts, offering tough competition for equities where the yield is just 3.9 per cent with poor dividend growth prospects for the next year or two. As for fixed interest gilts, the ratio of the long gilt yield to the equity yield is 2.1, significantly higher than it was while the UK was in the European exchange rate mechanism (it fell to about 1.8) and too high for comfort unless inflation starts to look threatening again. In fact, London's markets are positioned to cope with an inflationary dash for growth by Clarke. The downside risk for equities, therefore, is that he will play a waiting game.

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## MARKETS

London

# Why fans love the Bundesbank's game

by Maggie Urry

THE Germans have been entertaining us this week. Wednesday's Wimbledon quarter-final between Boris Becker and Michael Stich was exciting. But more thrilling was the Bundesbank's ace on Thursday when it cut interest rates by as much as anyone had hoped.

While this was more appreciated elsewhere in Europe - other Europeans cut their interest rates, the UK did not - it was regarded generally as positive for the London market. That might sound odd, since the Footsie ended the week lower after attempting to break the 2,900 level in the first half. But dropping a few points does not mean losing the match. A German rate cut makes a UK reduction more possible, if not as yet likely.

However, while the Germans were providing enjoyment, the Americans were dashing British hopes as fears grew that the US economic recovery is weakening.

A few US statistics, such as housing starts and employment numbers, suggested that the authorities there should consider cutting, rather than

increasing, interest rates. A stalled US economy would not be at all helpful to the UK since about a quarter of the Footsie's earnings come from north America. And Pete Sampras's straight-sets victory over Becker as the week drew to a close does not augur well if you take it as a metaphor for a weak US economy overpowering the German rate cut.

Still, there has been a fair bit of good news for the UK equity market this week, notably what has been happening to gilts. A few weeks ago, there was good reason to worry about them. The public sector deficit, projected at up to £50bn, meant that new stock was bound to be coming at the market at a high rate. It had looked as though the market could be overwhelmed.

In the past three months, though, about £20bn of gilts have been sold, putting the funding programme well ahead of schedule. This week saw a £3.25bn auction of gilt stock - the biggest ever attempted - followed within hours by another £800m of new stock.

The auction was a crucial test of sentiment and, at first, it looked as though the market

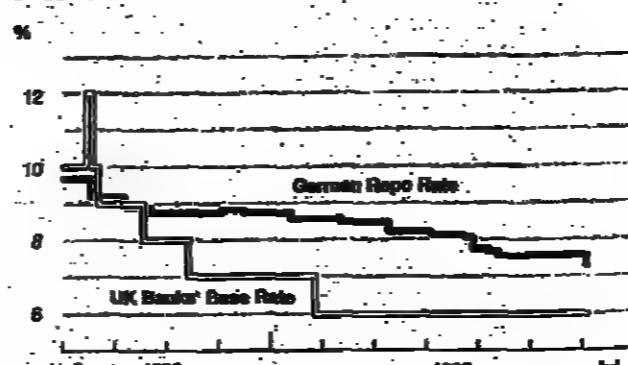
had been out-played. There were barely enough bids to cover the amount of stock on sale, and the difference between the average bid price and the lowest accepted price was wide by the usual standard.

However, the market did recover its poise to receive another slug of stock by the afternoon. Dealers said the market-makers, who usually go short of stock ahead of an auction, had not done so this time. Gilts are being supported by buying from foreign investors. As well as relatively high yields available on UK bonds they have also been gaining on the currency as the pound has risen, particularly compared to the D-mark.

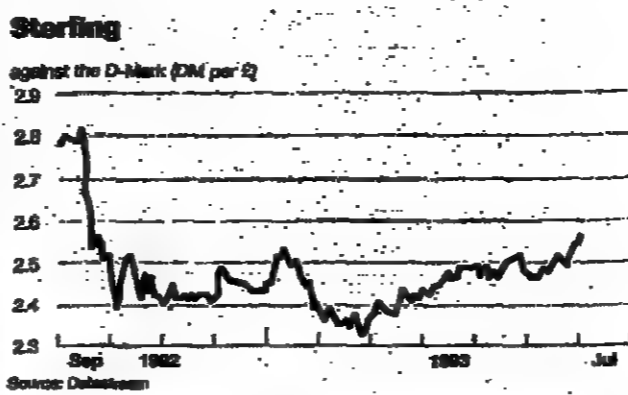
If that strength looks set to continue - and the pound gained almost five pence over the week - foreign buyers should still be attracted to sterling.

A rising gilt market gives support to the equity market, too. Yet, by the end of the week, equities were feeling decidedly anti-climatic about the German rate cut. And if the gilt market has passed the test of its ability to cope with

## Interest rates



## Sterling



calls on its liquidity, the equity market is nearing its big match, with some of the terms of the BT3 sale having been announced this week. A 10p discount is being given to retail investors - enough to pay for a local telephone call.

Retail demand for equities has been high this year, with unit and investment trusts seeing good inflows and new issues being well-subscribed. This week even saw the return of the ballot as a method of allocating shares, when Field Group's offer for sale was 7.4 times subscribed.

There has been plenty of positive corporate news, too. On Monday, Heron - Gerald Ronson's property group, which was the corporate equivalent of two sets and a service break down - appeared to have fought back when its creditors approved re-financing proposals. The week also saw results from Brent Walker, Ascot Holdings (formerly City Securities) and Rainers, soon to be re-named Signet, each survivors of a similar exercise to Heron's. None is anywhere near fit again - all three making sizeable losses - but each can at least hope for a return to health.

Asda, the food retailer which has recovered from set point

down, whipped up a £142.1m profit for its latest financial year. Then, its chief executive, Archie Norman, rather spoilt the celebrations by saying that the future for the big grocers was bleak. Hanson was back on the bid trail when it lobbied in an agreed bid worth a total of £12bn to buy Quantum Chemical Corporation of the US - a move reminiscent of the good old days. Hanson is gambling on an up-turn in the polyethylene cycle, a plastic used for packaging. If it is right, it will have regained its old form of buying assets cheap and played a winner.

The end of the week saw Rentokil power an apparently unplayable smash with an increased bid for Securiguard and the purchase of nearly 20 per cent of its target's equity in the market.

As City folk were going home at the end of the week, the police were beginning to set up road blocks around the Square Mile. The story put about is to keep terrorists and their bombs away from the UK's financial centre. But the truth might be simpler. It is not terrorists but aggrieved Lloyd's Names heading for Monday's egn that they are trying to deter.

## Serious Money

## A savings option that paid off

By Philip Coggan, personal finance editor

WHEN the First Option Bond was launched in July 1992, the pound was still in the Exchange Rate Mechanism and base rates were 10 per cent.

Those who rushed to buy the bond in its early weeks (proving howls of protest from the building societies) can pat themselves on the back. They have earned 10.34 per cent gross, or 7.75 per cent net, over the year and have been able to float while their friends and neighbours suffered the fall in building society rates to 6 per cent and below.

Bonds start to mature on July 7. National Savings will be writing to holders to tell them that the rate for the coming year will be 6.34 per cent gross, or 4.75 per cent net. Anyone with £20,000 invested, including last year's interest, can earn a bonus of 0.4 per cent gross (0.3 per cent net) if the bond is held for another year.

Holders who want to earn that return need take no action; your money will be automatically reinvested. If you want to cash in your bond, complete the form on the back and send it to National Savings in Glasgow.

It is possible to earn more than the new First Option bond. Britannia Building Society is offering 6.75 per cent gross on investments of over £1,000; the rate is guaranteed for 12 months, after which investors can withdraw their money without penalty (but not before then). As our Best Rates table shows (on Page V), higher returns can be earned from variable rate accounts.

You can earn over 7 per cent on gilts, if you are prepared to hold the bond for five years, and you do not mind turning part of your capital into income. If you want more than 8 per cent, you have to look at gilts with a maturity of 10 to 15 years. If you are a firm believer that inflation is conquered, and

you believe the government will control the budget deficit, then 8 per cent offers a very healthy real return. Of course, those are two big "ifs".

In April 1992 and January this year, I wrote about a simple stock-picking theory devised by Michael O'Higgins, a US fund manager. Take the ten highest yielding stocks in the Dow-Jones Industrial index and select from them the five with the lowest share prices. You hold these stocks for a year, and repeat the process, discarding those which no longer meet the criteria.

O'Higgins found that between 1973 and 1991, a por-

### Those who bought First Option can pat themselves on the back

folio selected using the theory made an annual average return of 19.4 per cent, against 10.4 per cent from the Dow.

Applying this theory to the FT-30 index in the UK over the period 1979 to 1992, annual returns were 22 per cent, compared with 17.5 per cent from the All-Share.

At the start of the year, the theory threw up Blue Circle, British Gas, Fortis, Hanson and Lucas. The good news is that so far this year, the theory has worked. Up to June 30, the shares made the following returns: Blue Circle, up 26.8 per cent; British Gas, up 2.2 per cent; Fortis, up 20.7 per cent; Hanson, down 5 per cent; and Lucas, up 3 per cent. The average is 9.9 per cent, compared with 5 per cent for the All-Share.

Of course, the above calculations do not allow for costs, but nor do they allow for the higher than average dividend yields which the selected stocks should pay.

Readers should be aware of many caveats. A small portfolio of stocks will inevitably be volatile; just because the theory worked in the past does not mean it will in the future; and the above stocks are not the FT's recommendations.

Coincidentally, Michael O'Higgins was in London this week. He had distinctly gloomy views about the prospects for world stock markets, believing we are due for a big fall in the US market, with the Dow Jones index dropping from its 3500 to somewhere around 2200 over the next 12 months.

O'Higgins believes that the investments where money will be made over the next 12 months are gold, oil, resource-based economies such as Latin America and Australia, and selling short major stock markets such as the US and Japan. Why does he hold these views? He believes the US market is expensive, in terms of key statistics such as p/e ratios, price-to-earnings ratios and dividend yields. There are long periods in history, he argues, when corporate earnings have increased but stock prices have gone nowhere because price-earnings ratios have declined. Someone who bought shares in 1929 would have still been behind 35 years later.

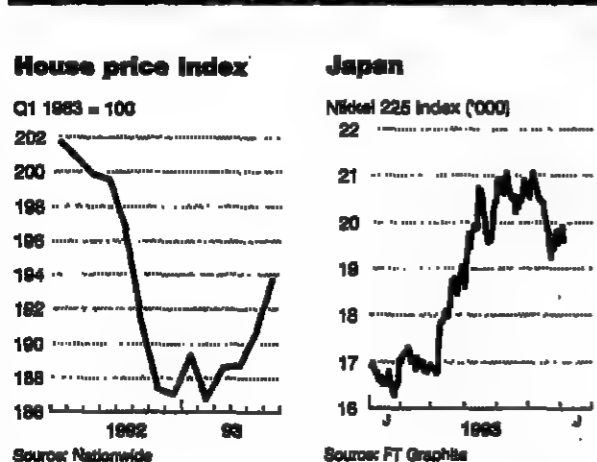
Admittedly, O'Higgins is only a small manager by US terms with \$150m under management. But he can cite a strong record, with his median fund up 115.6 per cent over three years, compared with 32 per cent for the median US equity fund. O'Higgins has launched a Bahamas-based fund, Mabreco, for non-US investors but the minimum investment is a hefty \$1m.

Certainly, there are other commentators who are worried about stock prices (see Barry Riley's Long View on Page I). Even if they are not as gloomy as Michael O'Higgins, cautious investors can certainly afford to wait before switching their funds into equities.

## HIGHLIGHTS OF THE WEEK

	Price	Change	1992	1993	
	Ytd	on week	High	Low	
FT-SE 100 Index	2867.7	-29.8	2857.3	2737.6	Profit-taking/end account selling
FT-SE Mid 250 Index	5234.5	+21.7	5218.5	5176.3	Recovery hopes
ASDA	55 1/4	-9 1/4	77 1/4	63	Profit-taking ahead of results
Airtours	342	+14	345	298	Good results/acquisition
Anglia TV	343	+26	357	194	Wave of TV takeover fever
Bardays	481	+15	489	382	Flemings, Kilmartin "buy" notes
Eastern Elec	495	+38	496 1/4	399	16 per cent dividend increase
Eurocamp	198	-25	350	197	Profits warning
Geest	397	+37	483	328	EC decision on banana imports
LWT PI	476	+103	476	282	Large stake bought by Granada
Lowndes Lambert	398	+26	399	321	Profits up 11 per cent
Reeders	1415	+35	1438	1240	US buying on Globex prospects
Scottish TV	551	+52	553	431	Wave of TV takeover fever
Securiguard	340	+31	343	184	Rentokil increased offer
United Newspapers	526 1/2	-32 1/4	593 1/4	480 1/4	£190m cash call

## AT A GLANCE



### House prices rise by 1.6%, says Nationwide

House prices rose by 1.6 per cent in June, the fourth consecutive monthly increase and the biggest since May 1991, according to figures from the Nationwide building society. The Nationwide house price index has now risen 3.5 per cent since the start of the year, but prices are still down 3.5 per cent from June last year. The average house in the UK now costs £53,710. Brian Davis, Nationwide's operations director, said: "A recovery in the housing market does appear to be underway, but it is still fragile with turnover still only slightly above last year's depressed levels."

## Tokyo trends water

The Tokyo stock market continued to tread water this week, with very low volume trading as investors stayed on the sidelines ahead of the general election on July 16. The Nikkei average fluctuated in a narrow range between 19,400 and 19,550, failing to challenge the 20,000 barrier it broke through during a rally earlier in the year. Traders say the index is unlikely to break out of the range during the political uncertainty before the election. A bribery scandal, involving general contractors and a city mayor, shook the market early in the week and had a further dampening effect on market sentiment.

## BT3 discount fixed

Private investors will receive a 10p discount on the institutional price for BT3 shares, the Chancellor announced this week. Institutional investors will pay £60 in the first of three instalments, compared to private investors' £50. There will also be a 10p discount on the second instalment, which has been set at £40, and on the third, which has not yet been fixed. Alternatively small investors can opt for a one-for-15 share bonus after three years. The deadline for registering for the public offer with the share information office or a share shop, to qualify for preferential allocation, has now passed.

## More cash-backed BES

Another round of university property cash-backed business expansion schemes was launched this week. Accumulus Hallam, raising money for Sheffield Hallam University, has a contracted exit price, after five years, of 122p for every 100p invested. Minimum investment is £2,000. The Cambridge Collegiate Consortium offers a contracted exit price of 117p after five years, with a minimum investment of £2,000.

The Oxford Colleges BES is another cash-backed scheme, offering an exit price of 117p for 100p invested, or 89p if a commitment is made before July 15. Cheques can be post-dated to August 20 and the minimum investment is £3,000. Shares in Oriel Cash Backed, another Oxford college scheme, sold out within four days, so the sponsors are now launching Oriel IV, an identical scheme offering a contracted exit price of £1.21.

## Smaller companies gain

Smaller company shares continued to gain this week. The Home Govett Smaller Companies Index (capital gains version) rose 0.7 per cent from 1466.13 to 1476.36 in the week to July 1. The index has now climbed for 10 consecutive months for the first time since the crash of 1987.

## Correction

The Govett FT-SE Mid-250 Index fund added a 3.5 per cent initial charge this year, and so no longer has a nil initial charge as we reported last week.

## Wall Street

## Dark clouds over the holiday beaches

WALL Street's dealing and investing community headed off to the beaches for the long holiday weekend yesterday with plenty on their minds.

If anything is going to spoil their enjoyment of the Independence Day celebrations it is the state of the economy. A string of data released this week underlined the fragility of the recovery.

On Thursday, the National Association of Purchasing Management published its June report on nation wide manufacturing activity. The NAPM index fell below 80 for the first time in more than a year. When it drops below 50, it generally means that the manufacturing sector is contracting.

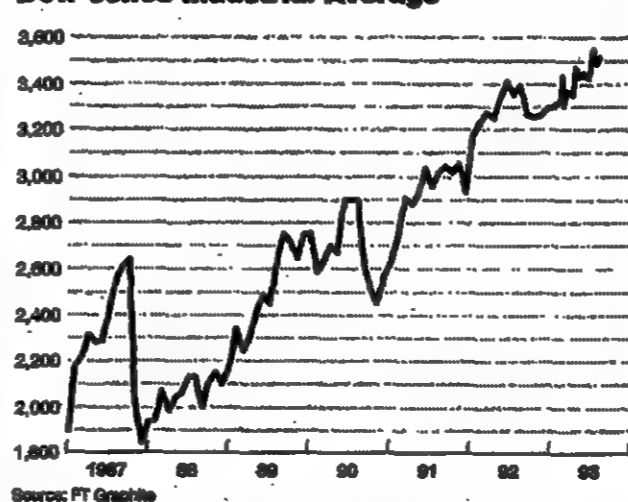
On Tuesday, the Conference Board reported a decline in consumer confidence during June. President Bill Clinton's planned tax increases seem to have persuaded consumers to keep their spending in check, at least until they know how exactly much more the Federal government will be taking from their pay packets.

Finally, yesterday the Labor department released its June employment report, and it made for gloomy reading. Non-farm payrolls rose by a mere 13,000 last month, well short of the 130,000 to 150,000 increase forecast by Wall Street economists. Although the rise in the national unemployment rate, from 6.9 per cent to 7.3 per cent, was expected, investors still did not appreciate the sight, more than a year after the recession ended, of a rising jobless rate.

At first glance, the employment data turned interest rate forecasting on its head. For most of this year, the markets have assumed that the next move in rates would be upward, as the Federal Reserve tightened monetary policy to curb inflation.

Yet, the June report appears to rule out any tightening, at least for the near term, and it may even herald a policy easing. Those economists who have bravely stuck to their predictions that the Federal Reserve's next interest-rate move would be down rather than up, must have felt vindicated by the job data. The chances of an interest

## Dow Jones Industrial Average



rate cut, however, remain slim. The June report was not wholly negative - April and May payroll figures were both revised upwards to show increases of 255,000 and 215,000, respectively. The upward revisions led some analysts to warn that the small June increase may prove to be a freshish number, possibly skewed by the fact that the survey upon which the payroll

figures were based was taken unusually early in the month. Labor department statisticians said this meant a substantial number of June hirings may have been missed, new jobs that could turn up in the July data.

Government number-crunchers, however, seem to have an answer for everything. The big picture is quite clear - the labor market is not as robust

as it should be at this stage of a recovery. Consequently, the June jobs report could still force the Fed to reconsider its recent decision to shift the emphasis of monetary policy towards a tightening. Analysts believe it is possible that the central bank will return the emphasis of its policy back to a neutral stance.

Such a move would be good news for equities, because it would remove the immediate threat of higher interest rates. It has been the favourable interest rate environment, more than any other factor, that has propelled stocks upwards over the past two years, so more of the same should ensure that, at the least, equities hold their ground.

This is exactly what stock prices did this week - hold their ground, although in a rather roundabout way.

On Monday, the Dow jumped 40 points, buoyed by the latest rally in Treasury prices, which took bond yields to new lows. Then stocks turned tail, gradually at first, then rapidly, after the June employment report was released. By midday yesterday, Monday's 40-point

burst had been completely wiped out, and the Dow was back where it started the week, hovering around 3,490. That is 65 points short of its all-time high (set on May 27), but still registering a respectable 6.7 per cent gain for the year.

While the domestic news was almost all bad, there was one important piece of foreign news this week that, over the longer-term, should be good for equities: Thursday's cut in German interest rates.

Although the half-point reduction in the discount rate was less than dramatic, it was better than nothing and, by most accounts, much needed. The US can only hope that the Bundesbank's easing will help drag Germany, and the rest of Europe, out of recession, in the process reviving US exports to the region. At the moment, the US economy needs all the help it can get.

## Patrick Harverson

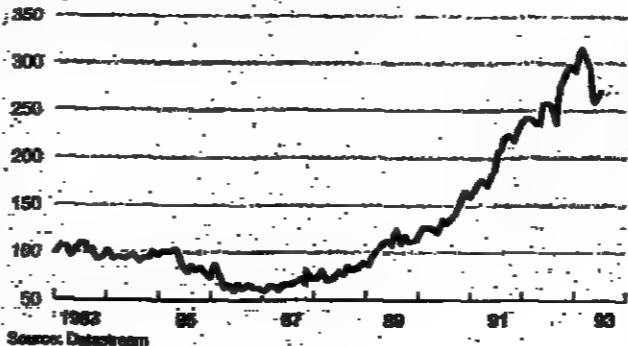
Monday	3330.20	+ 39.31
Tuesday	3518.88	- 11.35
Wednesday	3516.08	- 2.77
Thursday	3510.54	- 5.54
Friday		

## The Bottom Line

## Rentokil on the warpath

## Rentokil

Share price relative to the FT-A All-Share Index



prices don't have to be all that much higher to improve margins."

Despite Rentokil's record, some analysts are not convinced Thompson is right. They will be watching closely to see if companies really are

prepared to pay more money for what is still seen as a straightforward service.

"Companies may think about security during bomb scares, but usually it is price not service driven," according to one analyst.

Whether it is Thompson or his detractors who are correct will largely decide the direction of Rentokil's share price.

As the graph shows, the shares have performed very strongly since 1987 and have outperformed the FT-A All-Share Index by almost three times since Thompson took control.

Rentokil's record since the mid-1980s of lifting profits 20 per cent a year earned it one of the highest ratings on the stock market, making the shares very expensive to buy.

But they fell sharply after the company's results announcement in March. This was because the market started wondering whether the company's record of 20 per cent profits growth was sustainable.

According to the detractors - who are easily outnumbered by supporters - Rentokil's "trick"

was no longer working.

They pointed to a slowdown in the UK especially, and said Rentokil needed a large acquisition to maintain earnings growth. Two months later, the bid for Securiguard was launched.

Thompson has insisted that Rentokil wanted Securiguard for the business rather than short-term earnings. It spotted that named security was suitable for some Rentokil territory, he said.

There is probably truth in both camps. Rentokil is now a very large, maturing business which last year made profits of £124m. Further rapid growth can only come through acquisition and moving into other new market areas.

And acquisitions can only get bigger. Analysts agree that after waiting ten years to make his first hostile bid, Thompson will not wait as long again. "They wanted Securiguard for the business, but also as a learning experience for a really big bid," according to one analyst.

Angus Foster

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## FINANCE AND THE FAMILY

Umbrellas:  
how safe  
are they?

**I**S AN UMBRELLA fund the right home for your rainy day money? The idea behind an "umbrella" is that a large number of different types of funds - US equities, international bonds and so on - are grouped together.

This is usually always done in some offshore administrative centre, such as Luxembourg or the Channel Islands. While the tax advantages of an offshore centre for UK residents are fairly limited, this does allow umbrella funds to appeal to investors world-wide and, in particular, wealthy expatriates. The idea behind the umbrella structure is to make it easy for the investor to move his funds from one asset category to another without excessive costs. A good umbrella fund ought to allow free switching (or, at best, a nominal charge). The smart investor, for example, could have moved out of equities and into bonds (or cash) before the crash of October 1987.

It also makes for administrative convenience for the fund manager. Technically, investors usually are shareholders in the overall group, rather than in the individual funds. This means that only one annual report has to be issued, and only one prospectus launched with the relevant regulator. Fidelity's Luxembourg range of funds, for example, is an open-ended investment company with 23 classes of shares, each relating to a separate portfolio of securities.

For a while in the mid-1980s, umbrella funds mushroomed because of a tax advantage for UK investors. Switches between funds were free from capital gains tax. Investors faced a CGT liability only when they took money out of the umbrella altogether. That loophole was removed in 1989; now, a UK resident who switches from, say, Japan to

the US could face a CGT bill on any Japanese fund profits.

Offshore funds are, for UK tax purposes, divided into distributor and accumulator funds. Distributors must pay out 85 per cent of their income as dividends. UK investors must pay income tax on the dividends but any other profits are taxed as capital gains.

Accumulators do not pay out income but "roll it up" within the fund. Nevertheless, all gains are taxed as income, not capital gains, although only when investors sell their holding. They can, therefore, be useful for postponing a tax liability. If an investor knew he was going to retire and move into a lower tax bracket, he could invest in a roll-up and take profits at the most tax-efficient moment.

Furthermore, the roll-up can enhance performance. Since tax is postponed, investors can compound their investment gross rather than net.

Offshore funds can also pay income gross. This gives them an advantage over UK unit trusts, albeit one which should partly be eliminated in the



found in the back pages of the FT's first section under the heading "SIB recognised." This means the Securities and Investments Board has accepted that regulation in the offshore administrative centre is equivalent to that in the UK, and the funds have satisfied SIB they are run in a proper manner. Some funds can be marketed only through intermediaries; but if they fall into

the funds, with Fidelity showing 11 of 14 having above-average performance over the year to June 1, and 11 of 12 above average over three years.

Fidelity's range of distributor funds has a minimum investment of £1,500, initial charges of 5.25 per cent for equity and 3.5 per cent for bond funds, annual charges of 1.5 per cent for equity and 2 per cent for bond funds, and switch fees of 1 per cent.

Fleming has both distributor and accumulator Luxembourg funds under the Flagship label. Minimum investment is £2,500; charges are 5 per cent initial on the distributor funds, nil on the roll-up funds. There are no switching fees.

Scudder, Stevens & Clark has a Luxembourg-based Global Opportunities umbrella range. Its initial efforts are concentrated on six sub-funds, three in bonds (US Mortgage Backed Securities, Global Bonds and Emerging Markets Income) and three in equities (US Quality Growth, Global Equities and Emerging Markets Growth).

The funds are not SIB-recognised but Scudder, Stevens is a well-established US investment firm with \$70bn under management.

Philip Coggan examines funds with  
big appeal to offshore investors

next Budget. Expatriates, or those who move regularly between countries, may well find it convenient and tax-efficient to keep their investments within an umbrella.

The down-side, of course, is that you are relying on the investment skills of one management group, which might be excellent at managing bonds but not equities. Also, many funds are dollar-denominated, which means that non-dollar investors face an extra layer of currency risk.

In the wake of scandals such as Barlow Clowes, how safe are umbrella funds? Many can be

the EC's approved UCITS category, they can be sold across European borders.

Guinness Flight has umbrellas covering both the accumulation and distribution types of fund. There are 14 separate roll-up funds and 30 separate distribution funds.

Normally, roll-up funds tend to invest in the money markets (ie, mainly bank deposits) or in bonds, where income is high enough to get the full benefit of the roll-up process. Guinness Flight, however, has two equity funds (International and European) within its range. It cites good performance for

Offshore Bond Funds  
Three-year leaders

THE TABLE shows the 10 largest offshore sterling denominated fixed interest funds with a three year performance record. The funds shown are recognised by the Securities and Investments Board, the chief regulator for the financial services industry in the UK.

Some, such as Hambros EMMA sterling bond fund and Gartmore's Capital Strategy Sterling fund are sub-funds of umbrella funds.

The funds are quoted on an offer-to-offer price which measures the performance in terms of the change in the price at which the units or shares were bought. It does not take changes into account because some funds have a single price but add a charge. Quoting on this basis gives an enhanced performance figure, compared with onshore funds.

Scheherazade  
Daneshkhu

## Largest 10 offshore sterling bond funds

Fund	Size (£m)	Yield (%)	Perf
LloydsTrust Gilt Fund	461.2	7.40	58.5
Midland Offshore Gilt	377.5	7.55	52.0
Barclays Sterling Bond	185.5	8.90	63.4
TSB Gilt	144.5	7.53	55.7
Kleinwort Ben Gilt	40.2	7.00	52.1
Hill Samuel Star Fix	32.4	7.58	55.8
Gulvini FI GS Gilt & Bond	32.0	8.20	50.7
Gartmore Cap Strat Ssg	22.2	8.83	52.0
Gowett GSI UK High Inc	17.9	9.50	57.8
Hambros EMMA £ Bond	11.7	7.44	51.0

Source: Press. As at June 30. Offer-to-offer with net income reinvested over three years to June 1. Funds without three year record are excluded.

Now it's son  
of Taurus

THE STOCK exchange's decision to abandon its overly ambitious Taurus project for paper-less share trading and speedy settlement created a vacuum.

Earlier this week, though, a task force led by the Bank of England suggested a way of achieving many of Taurus's objectives, albeit at a lower cost and amid significantly less wrangling among interested parties.

The project is to be known as CREST, because, in the words of the task force chairman, "it seems to be an encouraging, up-beat name with no down-side."

Private investors should be encouraged by the task force's suggestion that the Treasury's intention to eliminate stamp duty on transactions, which was to have occurred with the introduction of Taurus, should coincide instead with the advent of the new project.

For the private investor, there are several key differences between the new proposal and Taurus, the most significant of which is that paper-less share dealing and speedy settlement will be at the option of the client.

Thus, clients who take comfort from physical possession of share certificates can continue to hold them and can count on receiving new paper when additional shares are bought.

The problem, according to the Association of Private Client Investment Managers and Stockbrokers (APCIMS), is that they are likely to have to pay more to execute trades. But because CREST is not expected to be working before 1996, it will be some time before investors need to make a decision on whether having share certificates is, in fact, essential.

Those shareholders who want to earn the benefits of the lower-cost, paper-less trading system may select a broker who is a member of CREST. But the shares will have to be held in the "nominee" name of the broker for transactions to take place.

ProShare, the organisation set up to promote wider individual share ownership, says it is unhappy with moves to encourage the transfer to nominee names because it inserts a layer of bureaucracy between the company and its owner, the shareholders. But Michael Baker, chief executive of APCIMS, says there is nothing wrong with moving to nominee names.

"The Securities and Investments Board has laid down criteria for private client stockbrokers," he said. "As long as the stockbroker meets those requirements and is a member of SIB's investor compensation scheme, clients should have little reason for concern."

"Private client stockbrokers have reported to us that a significant number of clients have already switched to nominee names in advance of Taurus."

Investors may check if their broker is covered by contacting SIB.

What may be significant for the estimated 500,000 British private investors who trade their shares actively is the axing, no later than next July, of the two-week account settlement period.

By early 1995, the settlement period - the time between the date a bargain is struck and the date the payment and ownership change hands - will narrow to only five days. But Baker said: "Many of our members regret the decision."

It means that investors will have to stump up cash for purchases much more quickly. Also, those who buy shares, and then raise the cash for them by selling others - say, a week later - will find that financing technique closed to them.

Baker said it was estimated that around 10 per cent of all transactions on the exchange were "netted" deals that occurred in the middle of the account settlement period. So, a portion of private client business was likely to disappear.

Norma Cohen

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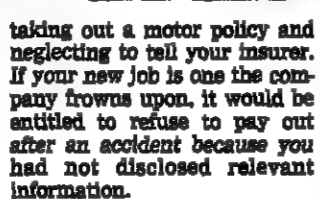
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\*Calculation by Foreign & Colonial Management Ltd using mid-market prices, net income reinvested up to 31.3.93, includes historical 3.5% national expenses. Current charges are 0.2% commission and 0.5% Government stamp duty (including SDP). Foreign & Colonial Management Ltd is Manager of twelve Foreign & Colonial Investment Trusts and a member of IMRO. The value of assets can fall as well as rise and investors may not get back the amount invested. Past performance is no guide to the future.

**Bethan Hutton** looks at insurance premiums

Another hazard lies in changing employment after



tion to describe your job as something more innocuous, or to give it a deliberately vague title such as "executive." But the jobs which companies regard with suspicion, and the premium loadings for "higher risk" occupations, vary between companies so it pays to shop around.

Jobs requiring long absences from home, such as airline pilots, oil rig workers, soldiers or sailors, also worry insurance offices. But you can make them happier if you can show that another family member or a housekeeper is likely to be there when you aren't.

Holman says, though, that he does not expect significant confusion among individuals who own index tracking unit trusts. "People who buy these things tend to be pretty sophisticated," he added.

***Norma Cohen***

## SOCIETY INVESTMENT TERMS

\* For telephone see local directory. †Net of basic rate tax. CAS = Annual yield after interest compounded

Mini-condominate Suter has seen considerable director activity. Chairman David Abell sold around 110,000 shares but he, Robert Morris and Anthony Owen bought substantial amounts of Suter warrants.

Colin Rogers,  
the Inside Track

Company	Sector	Shares	Value	No of directions
<b>SALES</b>				
Breadstock	InsB	250,000	335	1
Capital Industries	Pack	20,000	48	1
Central TV	Med	800	11	1
Delta Group	Pack	30,000	30	1 *
Elect Data Processing	Elne	51,350	297	2
Enterprise Oil	O&G	8,000	28	1
Euromoney Publ	Med	1,471	18	1 *
Flextech	Med	50,000	90	1
General Technology	HIn	111,000	455	2
International Gp Clm	Pack	350,000	350	1
MAI	OtHF	19,000	38	1
McKachnie	OtHl	2,610	12	1
Morgan Asst Mangmt	OtHF	50,000	262	1
Owen & Robinson	Stor	75,000	23	1
Parsons	Stor	200,000	104	1
P&G	Stor	1,000	33	1
Sainsbury (4)	FRle	3,500	17	1
Suter	OtHl	109,807	171	2
Vodafone	Telc	6,800	30	1
Wool (SW)	Pack	2,231,747	1,540	3

report full-year profits little changed at £20.5m on Thursday. Growth in the free trade is believed to have slowed, and although the company's managed pubs have performed well, beer sales are down in the tenanted houses.

## PRELIMINARY RESULTS

Carnell	Off	Dec	11,300	(7,000)	17.42	(9.13)	2.00	(27.7)
Casady Brothers	Misc	Apr	467	(200)	8.11	(9.07)	2.4	72.4
Cannon Holdings	Prop	Mar	200	(171)	7.33	(5.33)	12.96	(12.96)

European Metals	Bldg	Dec	2,370	1,210	11	-	-	-
Exxon	Sac	Mar	1,069	(389)	7.99	-	1.6	0.1
Exponent Holdings	Sac	Mar	2,400	14,200	11	-	-	-
Formal Int	Dec	1,140	1,140	4.44	-	-	-	-
Formet	Oct	263,000	(825,000)	18.7	-	10.3	0.4	0.1
G&S	SND	Apr	1,280	(533)	18.74	(11.57)	7.3	0.7
Gibbs West	Nov	Dec	54	(275)	11	-	-	-
Gleasonville	Feb	Dec	5,140	1,622	0.69	-	1.38	0.15
Grand Central Int	Feb	Dec	3,100	(4,600)	4.44	-	-	-
Granger Industries	Nov	Apr	20,900	(1,230)	0.95	(5.82)	2.34	0.21
Halsco	Nov	Mar	9,980	(22,100)	-	(21.1)	2.6	(4.97)
Harbison Group	Bldg	Mar	508	(474)	1.95	(2.98)	1.25	-
Hawes	Nov	Dec	520	300	1.25	-	-	-
Hydro Int	Nov	Mar	2,700	(2,700)	7.95	(6.99)	7.4	0.1
Lytle & Co	Mar	Mar	8,800	(2,780)	11	-	0.1	0.1
London Int	Nov	Mar	27,600	(6,000)	11.12	(5.54)	5.46	0.46
London & Montgomery	Prop	Dec	16,500	(26,000)	11	-	-	-
Lovett	Nov	Dec	1,500	1,500	1.25	-	-	-
M&M & Associates	Oct	Dec	96,000	14,400	11	-	-	-
McClure	Nov	Dec	1,000	1,000	1.25	-	-	-
Moore Charlotte	Nov	Dec	1,500	1,500	1.25	-	-	-
MS Int	Nov	Mar	460	(1,500)	10.1	-	0.5	0.1
Northern Electric	Nov	Dec	68,200	68,200	69.8	-	16.68	(16.68)
Northern Int	Nov	Dec	1,600	(738)	3.3	(2.93)	1.2	-
OMI Int	Oct	Mar	5,330	13,900	11	-	1.78	0.75
Platzgrum	Nov	Mar	773	(400)	2.86	(1.98)	0.6	0.1
Refiners Group	Nov	Jan	40,100	(132,300)	-	-	-	-
Robinson Int	Nov	Dec	214,000	2,400	47.4	(23.1)	11.5	0.6
S&S	Dec	11,100	(2,400)	11	-	-	-	-
Seaboard	Nov	Mar	112,700	66,400	62.0	(53.8)	20	1.75
Serv (Ariz)	Nov	Apr	98	(110)	11	-	-	-
Shield Group	Nov	Mar	288	(1,970)	11	-	-	-
Shelton Int	Nov	Dec	3,200	3,200	1.25	-	-	-
Smith (Willam)	Nov	Dec	4,740	1,430	11	-	0.1	0.1
Southern Electric	Nov	Mar	287,200	(163,000)	54.5	(47.2)	19.5	(16.8)
Strom Group	Nov	Dec	1,190	(945)	11	-	-	-
Styleone	Nov	Mar	2,150	(4,870)	15.03	-	2.5	1.5
T&E	Nov	Dec	400	400	1.25	-	-	-
T&T Technology	Nov	Apr	4,800	(4,800)	2.7	(2.19)	1.75	0.75
Unesco	Nov	Mar	211	(118)	2.27	(5.3)	1.75	(1.78)
United Industries	Nov	Apr	5,890	1,140	11	-	-	-
Vesco Corp	Nov	Dec	3,710	(3,710)	2.2	-	0.575	0.575
Vision Group	Nov	Dec	6,100	(7,700)	3.15	(4.58)	7.0	0.1
Walker & Wolf	Nov	Mar	612	(823)	16.8	(6.8)	6.0	(5.0)
Wilcox	Nov	Mar	2,180	(2,140)	1.29	(1.07)	0.8	0.4
Yorlinski Electricity	Nov	Mar	136,000	(1,420,000)	38.7	(46.8)	32.8	(17.7)

Company	Sector	Half-year	Pre-tax profit (\$000)	Interim dividend per share (¢)		
Alcoa	HL	Mar	15,900 L	(5,600 L)	1.0	(0.55)
Arden Associates	HL	Mar	2,950 L	(1,190 L)	1.0	(0.30)
Bruner Inc Tel	HT	May			0.3	(2.30)
Calcraft Inc	Te	Apr	176	(52)	2.5	(0.4)
City Site Estates	Pro	Mar	170	(159)		(1)
Great Nicholson	CRG	Apr	3,900 L	(4,380 L)		(1)
Grimes Printing	Pro	Mar	3,750	(4,500)	2.0	(2.2)
Dwyer	Pro	Mar	720 L	(781 L)		(1)
Eurocom	HL	Apr	1,190 L	(4,960 L)	1.65	(3.45)
Fluoridin Brewery	B&D	Mar	39	(144)	6.0	(0.3)
Greenfield Concrete	Ned	Feb	28	(92 L)		(1)
Harlowe	Te	Apr	419	(594)		(1)
Headline Brewery	B&D	Apr	401	(259)	0.6	(0.6)
Partridge Fine Arts	Sta	Apr	1,050	(997)	1.2	(1.0)
Rodine	Sta	Mar/9	815	(644)		(1)
Securitor	Te	Mar	29,800	(22,800)	0.75	(0.65)
Seaguard	Te	Mar	3,550	(5,000)	4.5	(0.5)
Security Services	Te	Mar	607	(4,700)	1.55	(1.55)
WV Industries	Sng	Jun	23,100 L	(1,010 L)		(1)
Widway	Sng	Apr	417 L	(165 L)		(1)
Wilcoffs' Cons	HL	Mar	225	(1,593)	0.5	(1.8)

Anda Property is to raise £16.3m via a 3-4-5 rights issue at 75p.  
Bibby is to raise \$9.2m via a 1-4-2 rights issue.  
Clyde Biotech is to raise \$3.5m via a 4-4-5 rights issue at 800p.  
Hardy Oil & Gas is to raise £29.1m via a 1-4-4 rights issue at 158p.  
Rubicon is to raise £7m via a 7-4-11 rights issue at 123p.  
United Newspapers is to raise £180m via a 1-4-5 rights issue at 480p.

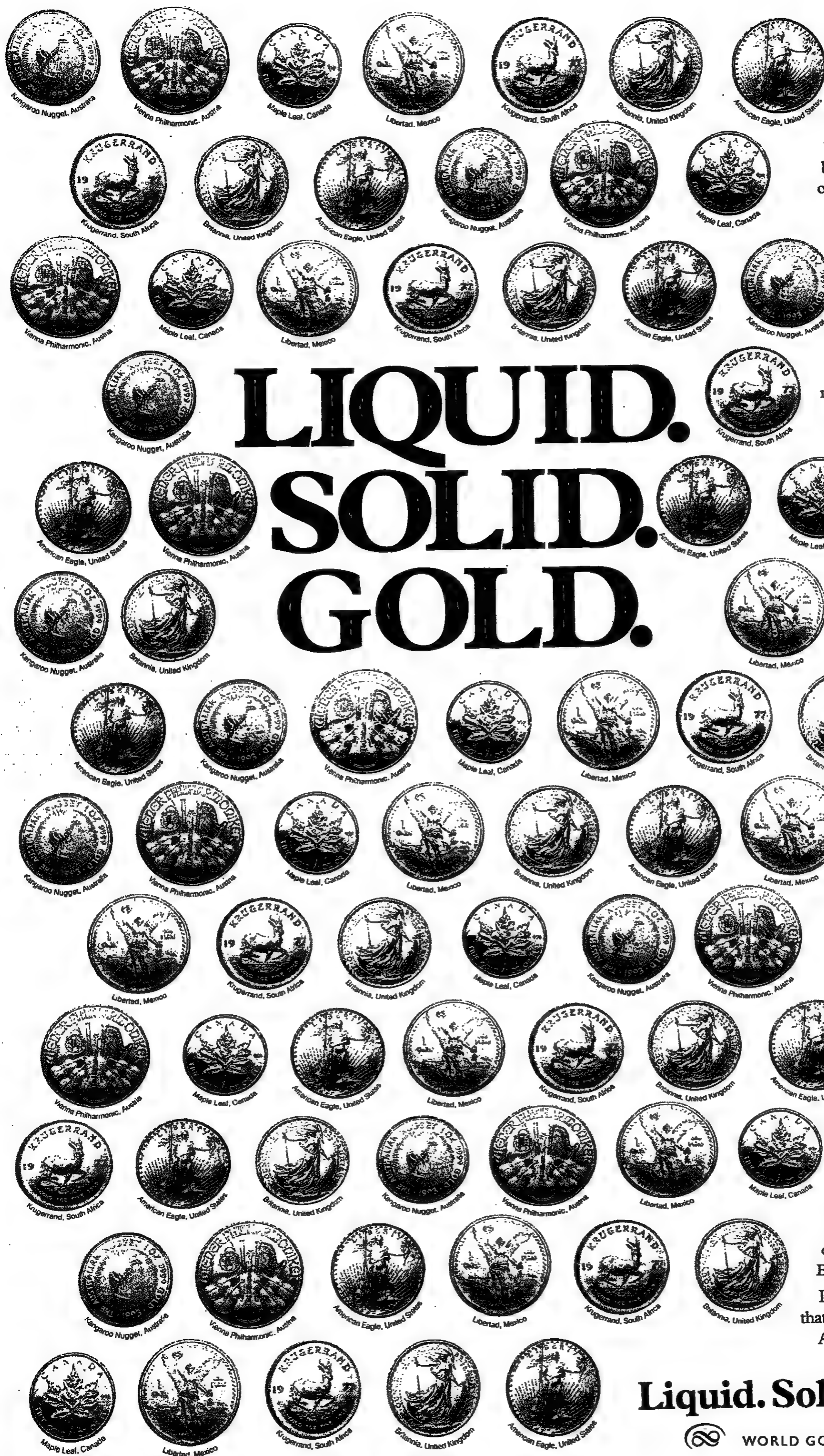
Business Post Group is to raise £15m via a placing at 100p.  
Celeste is to raise £12.4m via a placing of 16m shares at 100p.  
City Merchants High Yield Ltd is to raise £8.27m via a placing & open offer.  
Claytons Properties is to raise £27.1m via a placing & open offer.  
Cover Holdings is to raise £1.63m via a placing & open offer of 25.9m shares at 8p.  
Policy Portfolio is to join the main market via a placing of 3.6m shares at 150p.

FIRM DIVISION	Sector	Announcement date	Dividend 1974		This year rate
			Last year rate		
			Int.	Final	Int.
Abstract New Dimes Inc	Int'l	Monday	-	0.5	-
Acappo	Sls	Thursday	1.1	9.75	1.1
Associated British Eng	Chem	Thursday	-	0.05	-
Associated Nursing Services	HSH	Monday	-	-	-
Avaco	Med	Monday	0.8	-	-
Barker Homes	C&C	Thursday	-	-	-
Becker	HSH	Thursday	3.5	5.5	4.0
Bellco	Tele	Thursday	-	-	-
Bend Sinbad	Chem	Monday	-	-	-
Brownings Industries	Eng	Monday	1.5	2.5	1.65
Brown & Toms	Chem	Friday	2.85	1.6	-
Buckley	Eng	Wednesday	-	-	-
Butterfield Brewery	B&D	Thursday	0.7	3.75	0.7
Carole Engineering	Eng	Monday	1.71	6.1	1.8
Chemicals & Fertil	M&C	Thursday	1.3	1.3	0.5
Crownline Natlly	Whol	Monday	2.0	2.0	-
Darby Group	Whol	Thursday	1.2	0.8	0.1
DeLia	Sls	Wednesday	1.8	4.4	-
EFM Jackson Inc	Whol	Thursday	11.05	13.12	11.05
Equity Consort Int Nat	Int'l	Thursday	1.3	2.85	1.43
Essen of London	Prop	Thursday	1.45	3.55	1.95
Exel	Prop	Monday	-	1.15	-
First Spanish Inv	Int'l	Thursday	2.97	-	2.97
Forming General Income	Int'l	Thursday	1.0	2.57	1.0
Frontier Int'l High	Int'l	Thursday	2.0	2.0	-
Gibbons Lyons	PR&P	Monday	3.3	5.0	3.3
Golf Greenlands Inc	Med	Thursday	3.3	5.0	3.3
Groves Int'l	B&D	Thursday	1.25	-	-
H&H	Int'l	Thursday	0.7	1.3	0.75
Howden Group	Eng	Wednesday	3.1	12.75	3.1
Imperial Lacopack	Med	Friday	1.9	2.25	1.5
Int'l Southern Lines	Whol	Monday	5.65	11.5	0.25
Midlands Electricity	Eng	Thursday	1.0	2.0	1.0
Mid Holdings	Prop	Friday	-	-	-
M&M	Int'l	Friday	-	-	-
Norfolk & Newcastle	F&B	Monday	5.57	10.59	5.75
Northern Food	HSH	Thursday	3.0	9.25	3.0
Offshore Publishing	Med	Thursday	0.5	2.0	0.6
Overton & Wight	Prop	Thursday	-	12.0	5.4
Pacific Ocean	Int'l	Wednesday	-	-	-
Papa Estates	Prop	Wednesday	0.55	1.45	0.577
Pipitex & Southern	Sls	Friday	-	-	-
Plasma	Int'l	Monday	-	-	-

Phone	Sec	Thursday	0.68	1.28	-
Northam	Sec	Tuesday	3.0	5.0	-
Northam	Sec	Monday	0.96	0.88	-
Northam Group	Sec	Monday	0.7	0.19	-
Northam	Sec	Thursday	0.7	0.68	-
Energy Electricity	Sec	Tuesday	-	-	-
Energy Electricity	Sec	Monday	1.66	4.26	-
Energy Electricity	Sec	Thursday	2.6	4.05	-
Energy Electricity	Sec	Monday	0.7	0.7	-
Energy Electricity	Sec	Wednesday	-	0.4	-

Offers are shown net price per share and are adjusted for any intervening stock issue.  
 Dividends and accounts are not normally available until about 8 weeks after this board meeting to

150



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Paper assets can soar, or sink so low they're worthless. But gold's intrinsic value remains. For over 5,000 years, no one has ever said of gold,

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Each bullion coin on this page is legal tender, fully backed by the government that mints it.

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It seems that all we have that's certain is uncertainty. And gold.

## Liquid. Solid. Gold.



WORLD GOLD COUNCIL

## FINANCE AND THE FAMILY

Doing the Splits / Philip Coggan

## Exeter's benefits bypass investors

**H**AS Exeter Preferred Capital investment trust been a success or a failure? Much depends on your point of view.

The managers have been able to increase the assets by 34.3 per cent, to 128.9p per share, since the launch in January 1992. But investors have scarcely seen the benefit: the share price is now 101p, just 1p above the issue figure.

Exeter Preferred is not strictly a split capital trust. Technically, it has only one class of share, its zero coupon security is a debenture rather than a preference share. But it invests exclusively in the shares of split capital trusts.

Its fortunes (and that of its investors) are tied up with those of the split capital sector. And its manager, Ian Henderson Associates, specialises in split capital trusts and has launched a range of unit and investment trusts devoted to the split sector.

At launch time, the idea behind Exeter Preferred sounded clever. It would invest in high-yielding income shares and zero dividend preference shares of split capital trusts.

Then, it would make annual provision for the rise in the value of its zero debenture and

offset this, for tax purposes, against its dividend income.

Benefits would be twofold: tax efficiency, since the trust would pay tax on only a small part of its income; and enhanced performance, since the "interest" on the zero is not actually cash flow and can, thus, be re-invested.

Furthermore, while the zero debenture increased in value at 11.15 per cent a year, the trust's aim was to invest in other zeros yielding 11.5 per cent a year and income shares (yielding 15 per cent). The result would be to "gear up" the return on the ordinary shares to 18.5 per cent a year.

Shareholders, however, would find that this return did not come as income because the trust would be retaining its income for the tax-efficient reasons described previously.

So, the return would be as capital gain, and the managers felt confident enough to predict a final net asset value, in 2002, of 340p a

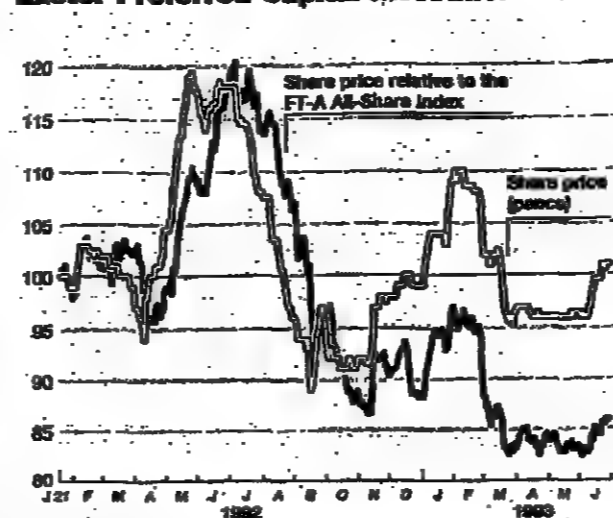
share. In other words - as the trust's broker, Greig Middleton, said in a research note at launch time - the ordinary shares were "designed to look and behave like zeros."

All this might have been extremely sophisticated but problems occurred very early in the trust's life. As the UK recession continued to bite, it became clear that many companies were being forced to cut their dividends.

In turn, that raised doubts on whether split capital trust income shares could maintain and increase their dividends. The prices of income shares fell by 20 per cent between January and October 1992. That had a direct impact on Exeter Preferred's portfolio; by October 1992, the net asset value had dropped to 85p.

While income shares were falling, zeros were rising and, indeed, the trust's own zero debenture was still growing relentlessly at 11.15 per cent a year. Accordingly, in September

Exeter Preferred Capital Investment Trust



last year the trust changed its strategy. It sold some of its holding in zeros and used the money to "de-gear" by paying off 56m of its own zero debenture.

This might have led to confusion about its aims. David Thomas, of Greig Middleton, wrote recently: "EPC's simple arithmetic of adding an assured dividend return to a

rolled-up dividend yield has subtly given place to something different."

"The zeros remain safety ballast but there is now a considerably geared exposure to heavily-gearable hybrid income and capital shares. EPC will depend much more on the movements in equity prices than it did at inception."

Now, the portfolio is divided between zeros (42 per cent); old-style income shares - those which have a fixed repayment value (30 per cent); geared income shares (18 per cent); and capital shares (9 per cent).

The good news is that prices of both income shares and zeros have rebounded very heavily since sterling's departure from the European exchange rate mechanism, and the subsequent falls in interest rates.

The trust decided to increase its gearing in June by raising £7m in the form of a bank loan, yielding 8.57 per cent. Thus, it has, effectively, replaced part

of the zero debenture with cheaper debt. So why, given some of the positive events of recent months, is the trust at such a wide discount of 21 per cent?

Perhaps it is the structure, which might be perceived as too clever by half. Perhaps it is because shares, which apparently were devised to behave like zeros, have not done so.

Certainly, the Budget change to advance corporation tax did not help. By reducing the tax credit on dividends, it hit the core strategy of Exeter: the re-investment of gross dividends.

Can Exeter come back into favour? "There is the prospect of the discount narrowing once investors realise the potential of the trust for turning high-yielding income shares into capital gain," says Lewis Aaron, investment trust analyst at S.G. Warburg Securities.

"But they should also understand the risks. The interest rate effect which boosted the

zeros in the portfolio could work the other way. However, on balance, the trust should provide a good total return - at least equal to the market - over time."

## Key facts

Exeter Preferred has total assets of £63m, and is due to be wound up in 2002. The annual management fee of Ian Henderson Associates is 0.3 per cent of gross assets, subject to a minimum of £20,000 a quarter.

## Board

Chairman Timothy Kimber is a former executive director of Lazard Brothers. Other directors are Peregrine Banbury, head of the investment department at Coutts; David Brooke, a director of J.O. Hambro; Peregrine Moncrieff, chief executive of Buchanan Partners; and Sir Stephen Waley-Cohen, managing director of Victoria Palace Theatre.

## Savings scheme

There is no savings scheme. The trust shares are available via a self-select plan.

This is the last in our series on split capital investment trusts. Next week, we begin a series on unit trusts.

**T**HE SIMPLEST kind of income share provides only dividends and a negligible capital payment when the trust is wound up. These are often called annuity shares (for obvious reasons) and probably are the most misunderstood of all.

They substitute a taxable income stream for an untaxed return of capital and forego any hope of capital gain except in the very short term. This might be in the price, but it makes them attractive only to non-taxpayers or charities or, more interestingly, pension holders.

They are very rewarding for these non-taxpayers who, effectively, pay only a small premium for the net dividends and receive in addition a 20 per cent tax refund from the Inland Revenue. This provides a very good investment return.

The problem of the lost capital remains, but what matters is the total investment return after tax. The capital gain on zero coupon

## A new strategy for income shares

preference is an attractive surrogate for interest on a deposit account. In this case the opposite is true: the dividend stream is an attractive surrogate for capital or capital gain in a Pep.

All that is required is that the dividends be re-invested. Although the price of the individual shares might fall, the portfolio would hold an increasing number of them and its market value should increase.

Because the investment return is received from a dividend stream, rather than realising the underlying portfolio, the risk is of falling dividends rather than falling market values. The return is immune to the effect of low market values when the trust is wound up.

As the number of dividends to be received is constantly reducing, the market value of the shares will tend

to fall as wind-up approaches. If dividends are re-invested, this will be more than compensated for by the increase in the number of shares held.

The past year has provided two

**Two trust groups recently warned shareholders of the dangers of reinvesting dividends in income shares. But Ian McKeever suggests ways sophisticated investors can profit from reinvestment**

reasons for falls in gross dividends. Dividends have reduced marginally over the past 12 months but the extent of this for the market overall is small and the unusual nature of

such an event has been shown by the media attention paid to reduced dividends from, for example, Barclays and BP. The more serious risk is of political change: this year's Budget has reduced gross dividends

by 6 per cent. Clearly if the strategy of reinvestment of dividends is followed, eventually the whole investment will be in the final dividend from the trust.

Even so, the risk of a substantial fall in that dividend is much less than that of a substantial fall in the market values of the underlying assets. Where the trust holds a revenue reserve this will also be distributed with the final dividend, further stabilising the amount available for the final payment.

The problem with reinvesting dividends is the need to obtain an increasing number of shares. As wind-up approaches, the price of the income shares will be falling rapidly and the dividend income will be rising equally rapidly. The effect of this on the demand for the shares will eventually be enormous.

For example, only a very few people investing £5,000 in a Pep of Jos Income Shares would eventually end up holding the whole issue of this class of share capital. For the

investor this is not really a risk because there is the option of selling the holding at the inflated market value and repeating the exercise with another income share further from maturity.

For a Pep holder they represent a relatively low risk investment in spite of the apparent unattractiveness. Assuming reinvestment of dividends and no dividend growth the expected return would be around 8 per cent. If dividends grew at 5 per cent per annum the return would be around 13 per cent. Even if dividends fell these shares should offer the Pep investor a positive return.

An alternative application for a Pep investment in income shares is for school fees planning. All that is needed when the fees come to be paid is for the dividends to be paid out rather than reinvested. This

eliminates the risk of having to sell shares after a substantial fall in the stock market.

Other strategies are possible. An investor could invest part of his capital in income shares through a Pep and invest part directly in zero coupon preference shares. The income shares would provide a growing income and the zeros would ensure the return of the original outlay on wind up.

This might be particularly suitable for retired people who could maintain their income after that by using the money to purchase an index linked annuity. This would then be a more attractive proposition as they can then confidently expect to be somewhat older.

With these income shares the tax advantages are likely to far outweigh the Pep managers' charges even after the budget changes. The only disadvantage is that the capital loss will give no tax benefits.

Ian McKeever is a consulting actuary.

**N**AMES full of dragons and tigers paint an exotic, rather threatening picture of unit trusts investing in south-east Asia - but their performance over the past decade has earned them a rather more friendly image with many private investors.

Those dealing in the Far East excluding Japan - principally Hong Kong, Malaysia, Singapore, Thailand, South Korea, Taiwan, Indonesia and the Philippines - have outperformed the average of unit trusts over every period up to 10 years.

Over five years, all but one of the funds in the sector has done better than the average of other unit trusts over the same period. Funds invested in the Far East including Japan have not done quite as well.

The reason is that most of the economies in the region have been concentrating on industrialisation and development, and growing much faster than those in the west.

Even though growth has slowed in some countries on the Pacific rim, others - such as China - have started to boom and the region as a whole shows no sign of running

## Tigers with eastern promise

Best performing Pacific funds over 3 yrs	
Fund	% growth
Gartmore Hong Kong	174.6
Providence Cap HK	153.0
INVESTCO HK & China	131.0
James Capel Hong Kong	121.2
Royal London FE Growth	71.5
Stewart Ivory New Pacific	69.9
Cazenove Pacific Portfolio	69.3
Perpetual Asian Smr Mkts	69.0
Schroder Pacific Growth	65.5
Schroder Pacific Acc (Inst)	63.8

Source: Financial. Offer-to-bid with income reinvested over 3 yrs to June 1.

Best performing Pacific funds over 7 years	
Trust	% growth
Abbey Asian Pacific	423.8
Gartmore Hong Kong	366.3
INVESTCO South East Asia	372.3
S&P SE Asia Growth	364.4
Thornton Tiger	330.8
Fidelity South East Asia	303.1
NM Singapore & Malaysia	293.3
James Capel Hong Kong	287.7
INVESTCO HK & China	223.0
Gartmore Pacific Growth	221.6

Source: Financial. Offer-to-bid with income reinvested over 7 years to June 1.

ning out of steam. Once recovery takes hold in the west and Japan, the export-orientated economies of south-east Asia should benefit, too.

"It is difficult to believe that there is anywhere that is as attractive," says Peter Chesterfield, Far East director for Abbey Unit Trusts. "I think the

returns will continue to please." Adeline Ko, who manages the South East Asia Growth fund for Save & Prosper, adds: "We are still very positive on the region. We feel it is one of the fastest-growing parts of the world, especially during a recession in the western world and Japan."

Many of the region's markets are still classified as emerging markets. They are in developing countries where the stock market might be small and not regulated as carefully as in more developed nations. It might not be as liquid, either. Such markets are seen as riskier - but the rewards can be high.

The region also has some well established markets, such as Hong Kong and Singapore. But established markets are no guarantee of stability: the Hong Kong stock exchange can be particularly volatile.

Unit trusts investing in the Far East usually are either single-country or regional funds. The former can give high returns if the country's stock market is going through a boom period, but they can underperform regional indices seriously during bad patches. Past performance is no guide to future performance. Take Providence Capital's Thailand fund, which was the best performer over the past year, growing by a very healthy 68.1 per cent.

Over two and three years, though, it languished at 41 and 42 out of around 50 in the performance tables.

Hong Kong-dominated funds had a bad time last year, slipping from the top of the rankings to the middle. Gartmore's Hong Kong fund is an extreme example - it is the best performer in the sector over two, three, five and 10 years, and

second-best over seven years - but it plummeted to 30th over the past year.

Regional funds can spread the risk more evenly between different countries, and managers can change the weighting given to each country in the fund depending on their view of its economy and stock market growth prospects.

Here, a good manager's performance can be more consistent within the constraints of the markets as a whole. The drawback is that the diffusion of risk means these funds cannot take as much advantage of a spectacular rise in any single market.

Funds in this sector aim to maximise long-term capital growth rather than provide income. Dividend yields in this area are fairly low, except in the Hong Kong market.

The usual advice to private investors is to put only a small portion of their portfolio into a Pacific region fund. Although the markets can produce good short-term gains, their greater volatility means that a longer-term approach is the most prudent.

The Chinese economy, for instance, is felt to be overheated at present, and any cooling measures taken by the Beijing government may have an impact on sentiment in Hong Kong, where most of the funds have a large proportion of their holdings. But this should be a temporary setback.

"Although we are happy in the long term, it is not necessarily going to be smooth all through the years. Occasionally, there will be slow-downs," says Ko.

The problem is that, at this stage, we really cannot say whether China will come down for a very hard landing or a milder one."

Simon Nicholson, of Gartmore, adds: "In general, if you have got a strong constitution, you should have some money in the Far East. You have got to have the guts to sit on the tiger and ride it. If the market falls, you should do a bit more and sit it out."

Another reason for going into any unit trust with a long-term view is the initial charge, generally about 5 to 6 per cent of the amount invested: you need to stay in the fund long enough to recoup your money. Annual charges are in the 1.2 per cent range.

Unit trusts in this sector do not qualify for full Pep investment, which means that a maximum of £1,500 can be put into them using a Pep.

The minimum investment in most of the funds is £1,000, but some also offer saving schemes for smaller or more cautious investors. These start at £20 a month for the Gartmore Hong Kong fund, £25 with Save & Prosper, or £50 a month for the Fidelity South East Asia fund.

Beithan Hutton

## Loans for the boys

BECAUSE OF problems in his business, I have been making my son personal interest-free loans for the past few months, all without written documentation. I believe this private agreement is of no concern to anyone else, including the taxman. Am I right?

Broadly speaking, the answer is yes - unless, of course, your son's tax inspector asks where the money in question came from. For a number of reasons, though, it would be as well to ask your son for a written acknowledgement of the loans.

I HAVE lent my son-in-law £39,000. I have a written acknowledgement and could soon be seeking repayment. No interest payment was specified and none was made. Will the Inland Revenue be able to claim income tax at some specified rate on the loan?

Not unless your son-in-law invested the money (or part of it). If he did invest it (or put it into an interest-bearing account), then the income which he derived from it will be assessable upon you - and not on him - by virtue of, for example, section 872 of the Income and Corporation Taxes Act 1986.

There are other anti-avoidance provisions which might conceivably bite - section 786 (Transactions associated with loans and credit), for example - but it seems unlikely from the bare facts outlined in your letter. If you are in doubt, it could pay you to consult a local accountant or solicitor.

## The Revenue won't write

I AM A non-resident UK citizen (I live in France) with a relatively small amount of British income. But I make a UK tax return since I get an annual rebate of a few hundred pounds on tax deducted from dividends. From 1991/92 on, I have had some income from literary composition written abroad and published in the UK.

For the past 12 months, I have tried without success to obtain information from the Inland Revenue on what expenses I can deduct from my royalties. Can you tell me? And how can I persuade the Revenue to answer my letters?

Under article 12 of the France-UK double taxation convention (as amended in 1987) you are entitled to exemption from UK tax on your royalties. Write for a claim form to the Inspector of Foreign Dividends, Lynton Road, Thames Ditton, Surrey KT7 0DP, mentioning the reference number under which your claims have been dealt with (or

rather not dealt with) at the Foreign Claims Branch. At the same time, you might like to ask for a copy of the free pamphlet IR130 (You and the Inland Revenue).

Incidentally, you are not strictly correct in talking about "tax deducted from dividends." UK dividends have

been paid without deduction of tax since April 6 1973. What you have been claiming is a payment of tax credit: the distinction between tax credit and deducted income tax will become clear when you submit your claim for tax credit in respect of dividends paid during the present tax year.

## HIGHEST RATES FOR YOUR MONEY

Account	Telephone	Notice/term	Minimum deposit	Rate %	Inst. paid
<b>INSTANT ACCESS A/c's</b>					
Co-operative Bank	0345 232000	Instant	£100	5.84% A	Yr
First Direct	0302 333330	Instant	£20	5.75% A	Yr
Barclays Bank	0600 505000	Instant	£20,000	7.55% A	Yr
<b>NOTICE A/c's and BONDS</b>					
Barclays Bank	0345 242747	30 Day	£1,000	7.00% A	Yr
Chorley & District BS	0257 273375	8 Mth	£25,000	7.70% A	Yr
Chorley BS	0254 273505	30.9.85	£10,000	9.00% A	Yr
<b>MONTHLY INTEREST</b>					
Barclays BS	0345 242747	30 Day	£25,000	6.55% A	Yr
Barclays & Blythe BS	0345 242747	30 Day	£25,000	7.50% A	Yr
Barclays & West BS	0345 242747	30 Day	£25,000	7.50% A	Yr
Barclays BS	0345 242747	30 Day	£25,000	8.50% A	Yr
<b>TESSAs (Tax Free)</b>					
Hindley & Raby BS	0455 251234	5 Year	£25	8.05% A	Yr
Dunelmere BS	0383 721821	5 Year	£25,000	8.00% A	Yr
Westminster BS	0272 729782	5 Year	£25,000	7.90% A	Yr
Dunelmere BS	0383 721821	5 Year	£25	7.85% A	Yr
<b>HIGH INTEREST CHEQUE A/c's (Gross)</b>					
Calderbank Bank	NICA	Instant	£1	5.50% A	Yr
Classica Bank	0800 717515	Instant	£2,500	6.10% A	Yr
Northern Rock	Current	Instant	£25,000	7.10% A	Yr
<b>OFFSHORE ACCOUNTS (Gross)</b>					
Woolwich Guernsey BS	0481 715735	Instant	£500	6.25% A	Yr
Confederation Bank Jersey	0334 608080	30 Day	£10,000	6.75% A	Yr
Dunelmere BS	0383 721821	30 Day	£25,000	8.00% A	Yr
Barclays & West Int'l Ltd	0345 242747	5 Mth	£5,000	6.55% A	Yr
<b>GUARANTEED INCOME BONDS (Net)</b>					
Consolidated Life FN	081 940 8343	1 Year	£2,000	5.00% A	Yr
Consolidated Life FN	081 940 8343	2 Year	£2,000	5.70% A	Yr
Consolidated Life FN	081 940 8343	3 Year	£2,000	6.25% A	Yr
Financial Assurance FN	081 367 8000	4 Year	£50,000	6.55% A	Yr
British Life FN	0732 450181	5 Year	£5,000	6.70% A	Yr
<b>NATIONAL SAVINGS A/c's &amp; BONDS (Gross)</b>					
Investment A/c		1 Month	£20	9.25% A	Yr
Income Bonds		3 Month	£2,000	7.00% A	Yr
Capital Bonds G		5 Year	£100	7.75% A	CM
First Option Bond		12 Month	£1,000	6.34% A	Yr
<b>NAT SAVINGS CERTIFICATES (Tax Free)</b>					
40th Issue		5 Year	£100	5.75% A	CM
6th Issue Linked		5 Year	£100	3.25% A	CM
Childrens Bond E		5 Year	£25	7.85% A	CM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) CM = Interest paid on maturity. N = Net Rate. A = Initial deposit of £25,000 or £100 per month required. E = Rate fixed until 1.10.93. G = 0.5% bonus providing no withdrawals per annum.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NF28 0SD. Readers can obtain a complimentary copy by phoning 0892 500677.

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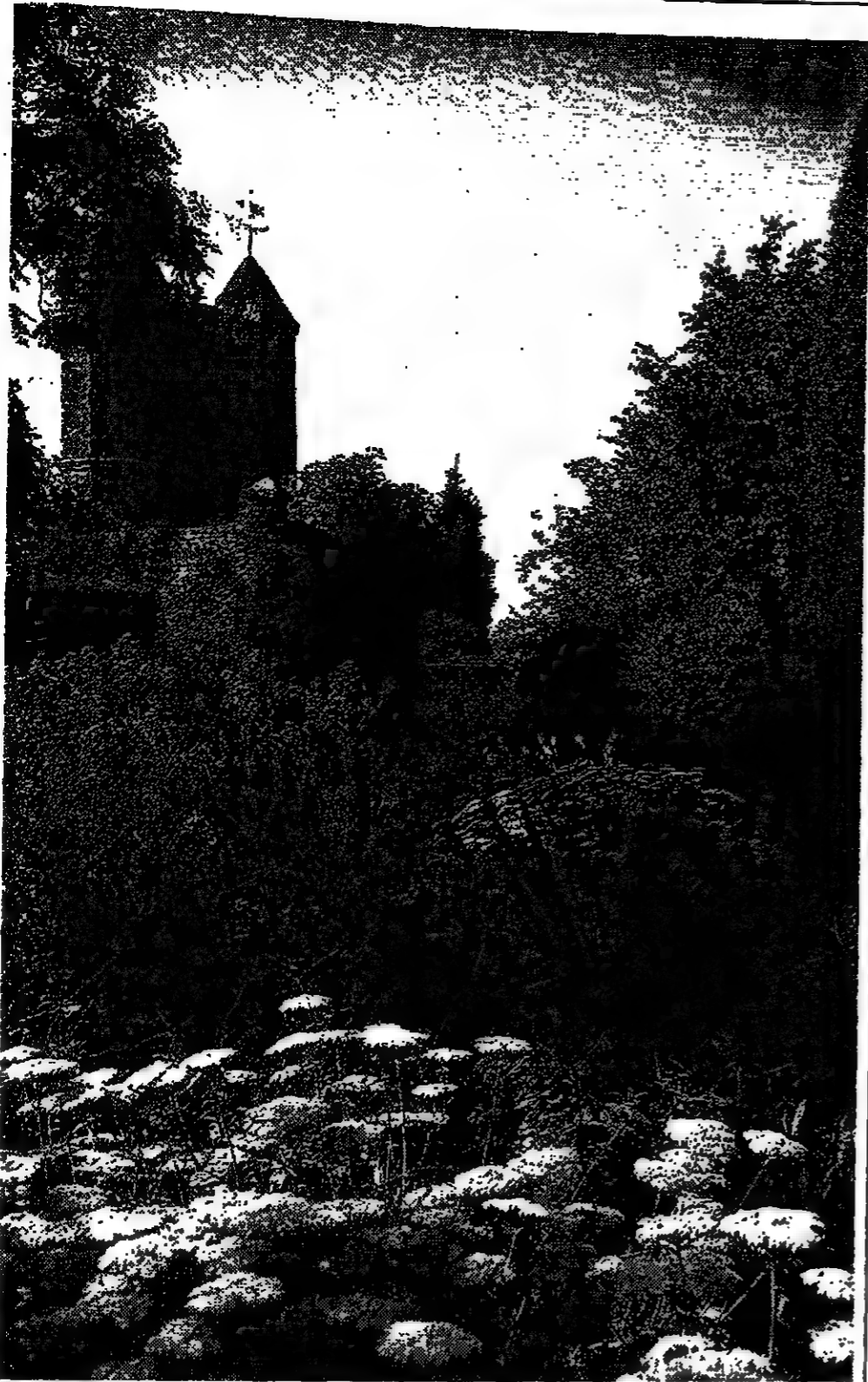
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## GARDENING / MINDING YOUR OWN BUSINESS



Simply the best: 60 years on the gardens at Sissinghurst are changed but undiminished

## Gardening

## Sissinghurst is still an absolute joy

EVERYTHING, since Einstein, is supposed to be relative. Absolutes, allegedly, are out. Tell people that something is better than something else, and most of them will react as if you are saying more about yourself than the object in question. I wish them the best of luck.

For years, I have believed there is no better garden than Sissinghurst, in Kent. Gardens, however, do vary with time and, in order to be sure, you have to continue visiting them. It is 10 years since I last put Sissinghurst at the top of the British league. Meanwhile, relativists have muttered: have you seen it now the polyanthus no longer can be bedded-out en masse? After all, 30 years have passed since the founding partners died: can it really sustain the Nicolson's view of what gardens are all about?

What about the crowds? Have not the frosts been too unkind too often? What about Pam and Sybil, the two great bearers of the Sackville-West legacy who retired two years ago after their inspired tenure as head gardeners? I know all these mutterings and many more: "I went to Sissinghurst recently and I did think that it was going back... have you seen what the National Trust is doing?... isn't it dreadful about the alstroemerias?... Hebe Quick-silver did not last long in the White Garden after you wrote so politely about it... Vita never would have allowed it to look so tidy... they have gone and removed the meconopsis... aren't the people frightful!"

Last year, there was a new note to the whingeing chorus: what are we to do about the timed ticket? Sometimes, you might turn up with a Glyde-bourne picnic in the car boot and find the great British public had turned up, too, and that the silly National Trust kept you waiting for more than an hour until the garden was sufficiently empty. In 1991, some 200,000 visited. The timing of tickets cut that to 150,000 last year, but it remains 10 times as large as the number in Vita's day.

Anyway (or so the whinge goes), the Sackville-West style has been absorbed so widely that you can see it all over the world, wherever a stockbroker lives in an east house or a lady member of the Garden Club of America has made a garden in a suburb on the East Coast. Last Sunday morning, the sunshine was serene; the day had been scripted by R. E.

Bates and, just before the first of the timed tickets entered, I found myself in the gardens prepared, for a moment, to believe the whingeing might be right. Could a new head gardener keep up the act? Would it not now be too familiar, if only through imitation? Like Gertrude Jekyll's books, might not Sissinghurst's borders seem rather out-dated now that we plant finders can discover so much more to grow?

The whingeing is absolutely wrong. It is not just that I was the first to stand beneath that famous central canopy of the white rose longicuspis, in the heart of the White Garden where hundreds of bees drowned the whingeing in a superior, contented chorus. Against its ground plan of green box, it shone soothingly: so what, you imitators, the bees murmured? Do you, too, think that you can

## Robin Lane Fox argues the horticultural case against relativism

get it quite so right? Every garden changes, but I cannot see any signs of decline. The point about Sissinghurst is that it continues to change in the artistic vanguard. I never knew Vita Sackville-West, but I have been one of her closest readers and, if she was still there and allowed to enjoy the luxury of the Trust's seven gardeners, I believe she would have wished to change her garden in just this way.

The new head is Sara Cook, who is manifestly in keeping with the genius of the place. Aged 35, she moved to Sissinghurst from the National Trust's more recent challenge of the large garden at Upton House, near Banbury. At Sissinghurst, there is less scope for lavender and none for terraces but, for Cook, it was more a return than a departure.

Previously, she had served in the garden under the great partnership of Misses Schwendt and Kreuzberger, both of whom endorsed her succession. As they had served with Vita herself, there is an apostolic succession about it all.

On Cook's staff, the four men out-number the three women, but Nigel Nicolson tells me the gender balance is not representative. When Sissinghurst advertises for a gardener,

about four-fifths of the applicants are females.

In its cosmetics, Sissinghurst is not a static garden left behind by progress. It has all the best new bedding plants and half-hardy favourites. In its framework, it is still true to its origins, and Harold Nicolson's placing and eye for proportion will never go out of date. Some of the older rambling roses have a pleasantly time-warped feel, but they merely remind us that this garden has been made during 60 years.

In the bright sunlight, I saw why parts of this garden have been so difficult to photograph justly. The light is intense and unshielded in the main rose garden: visitors, but not cameras, can pick up the dozens of details.

Sweet Williams lurk beneath a great tangle of blue Clematis durandii and its satin petals on peasticks. A great buttress of Trachelospermum releases its sugary scent from hundreds of fading white flowers, looking like stars above the intense blue of an unusual Felicia which has been bedded underneath. Photographs cannot catch these details among the glare of full sun and the challenge of strong pink and purple old roses.

The Cottage Garden is another matter, where the inspired combination of yellow, red and orange flowers is soothed by the constant interplay of green and shade and the tones of the old brickwork. Here, on a cloudless day, even the strong red roses on the climbing Parkdirektor Riggers lost their metallic gleam.

Photographs over the years have confronted these contrasts and failed to catch them. As always, I noted the masterly touches: the tender pink convolvulus against the brick-red tower, or the dark blue flowers of bulbous Brodiaea which run through the low perennials in the purple border in June. I also noted the garden's extreme exposure to light and the consequent heightening of Nicolson's areas of unplanted green.

Go and see it, on a morning this weekend when the white roses will still be visible (although perhaps not as perfect as last Sunday). Argue, if you must, that Keats is only another poet and that Jane Austen seems special only to people who never read Aphra Behn. Some things are not stated by repetition or diminished by contention. As Sissinghurst changes with the times, it is there to prove you wrong.

## Minding Your Own Business

## Pressing work in a rural idyll

Nick Garnett meets a couple whose venture allowed them to leave the city

IT IS A DREAM many budding entrepreneurs clutch close to their heart. You set up a part-time business venture from your urban home. Then, with a bit of courage and good fortune, you move lock, stock and barrel to a rural idyll and run the company from an office overlooking cow pastures or an orchard. So far, the dream has spawned a financially realistic lifestyle for Alex Hill.

Nine years ago, Hill bought two dozen tiny fruit presses from Hungary at £16 each and sold them from his flat in Brixton, London. After a slow start, the business took root and he and his wife Barbara moved with it in 1987 to a lovely former farmhouse on the Devon side of the Black Down Hills. From a small office at the back of the house, Hill imports and sells those fruit presses, and a range of related equipment such as fruit crushers, hydraulic apple presses and little machines for stripping grape stalks. Vigo Vineyard Supplies sells to Britain's commercial and hobby vineyards, cider and apple juice makers and home wine makers.

For the 12 months to April this year, Vigo generated a turnover of £300,000 on which it returned a pre-tax profit of £30,000 as well as providing £20,000 for the family to live on. These figures underplay the profit margin because a lot of gross profit goes into stock. This stood last month at £50,000 worth. Turnover of more than £300,000 compares with £29,000 in 1988-89.

"I guess a lot of people fantasise about doing something like this," says Hill. "We love it here and certainly wouldn't go back to London. I couldn't cope with it here though if I was on my own. It's very quiet. You need a family around you."

In 1981, during a cycling holiday in Hungary, Hill spotted small fruit presses for sale; wooden baskets with a metal thread press and cast iron base. Hill, a home wine maker, asked a friend travelling in Hungary the following year to



Fruit of their labours: Alex and Barbara Hill with one of the presses they sell

bring one back. "A lot of my friends saw this and asked whether I could get one for them," Hill is a former motorbike messenger with a university degree in international relations. He had been working for a relative's import and export firm. "That taught me that you could buy a shipload of stuff in one place, send it halfway round the world and cream off some money without even seeing the commodity."

Hill visited the trade department of the Hungarian embassy in London and was given the name of the Hungarian trading company that handles exports for the press manufacturer. "I shipped across two dozen in 1984 using the

A4 advertising sheet. "We sold all the machines well before the 180 days were up."

Yellow Pages provided the names of home brew shops. "I borrowed my sister's car and visited 13 or 14 shops in Kent and Sussex. I sold them all straightaway. The ex-works cost was £16 each and I sold them for £40."

Hill then plunged in with an order for 400 at £8,000, the Hungarians providing 180 days' credit. He stored the units under a railway arch. A public library's collection of Yellow Pages provided addresses for 400 shops across the UK selling home brew equipment. With the help of a £40 a week enterprise allowance, he sent out an

Vigo's products range from a £75 crusher to a £45,000 automatic cider press. Sales are generated by word of mouth and advertising in specialist magazines such as *The Grower* and *The Grape Press*. Vigo has taken a warehouse in a nearby village on a 12-year lease and employs a full-time warehouseman and two part-time staff for book-keeping and secretarial work. Transport, advertising, warehousing and staff each cost about £12,000-£15,000 a year. The company has financed itself with a little help from a bank overdraft.

Vigo presents Hill with some management problems. Tied to the D-mark, the Hungarians are pricing themselves out of the market and eroding Vigo's margins. Hill expects to switch most of his purchasing to Italy, whose 1m registered vineyards support an array of manufacturers. Sales are limited by the size of the UK grape harvest. "If it's a dismal summer and autumn, and they cannot sell fruit, then we do not sell equipment." Business is seasonal: 75 per cent of turnover is between August and November.

The biggest long-term headache is the indestructible nature of much of the machinery Hill sells. "It is a worry that when natural growth of the business ceases there is really no replacement market."

So Hill is starting to market products with repeat sales potential, such as corks, bottles and chemicals used in drink-making. The Hills have also been making cider for commercial sales right up to the 7,000 litres a year allowed before the application of excise duty. They have just brought out their own sparkling cider.

One thing the business has taught Hill is not to be too confident. One venture failed when he contracted one of the Hungarian companies to make play-pens. They were made badly and fell apart as soon as they arrived, losing him £5,000. ■ *Vigo Vineyard Supplies, Bolthwaite Park, Claydon, Suffolk, Suffolk IP20 9PN. 0283-620 230.*

## MINDING YOUR OWN BUSINESS

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## HOW TO SPEND IT

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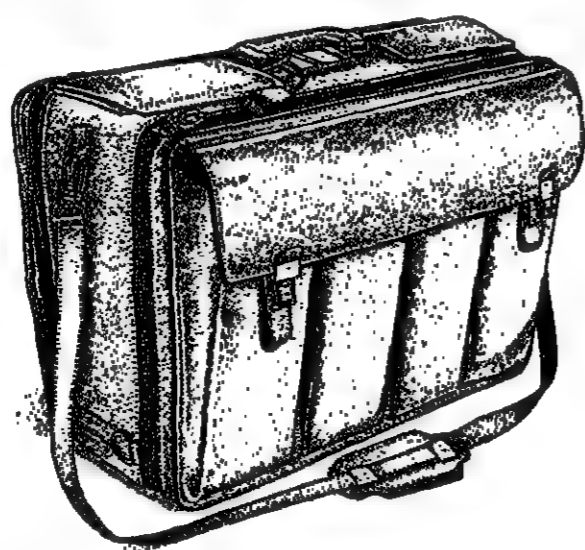
... and to arrive safely and in complete comfort, is Lucia van der Post's aim.



■ EVERY swimsuit needs a wrap. Most useful of all are paros - if you can master the art of tying them - which transform the skimpiest of bikini into something relatively modest. For some years Slix has sold a selection of one-piece bathing suits and bikinis with matching cover-ups which can be bought separately. Shown above is a two-piece bikini with an underwired bra-top and a matching mini-sarong which does not exactly add-up to formal restaurant wear but does lend a vestige of cover-up to the skimpy bottoms. £24.99 for the bikini, £21.99 for the sarong.

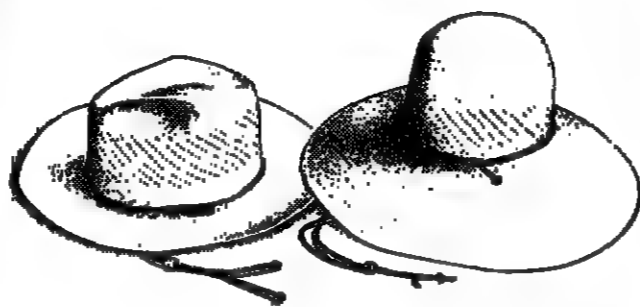
Both will be in good department stores throughout the UK from early July. For those who cannot be bothered with frons there is a marvellous crunched silk fabric which Whistles has made into a series of simple holiday (and glamorous evening) garments. As the crunched look is part of their charm they can be folded, crushed, twisted and packed without coming to any harm. There are long skirts (£69 at Fenwick), slip dresses (£129) and cropped tops (£59). From Whistles branches, the Whistles department in Fenwick of Bond Street, Harrods and Selfridges.

■ CHOOSING luggage has become a complicated business. Those who belong to the "you are what you buy" school of thought believe that your choice of luggage reveals volumes. This is a school of thought I am deeply apprehensive about myself, as I feel that my own luggage says nothing at all about my inner being but plenty about the state of my purse and the efficacy of my shopping habits. However, the real problem with suitcases revolves around two conflicts: on the one hand one wants them to be light, inexpensive and easy to carry but, on the other, one would like them to be beautiful, too. When it comes to appearance no material, in my view, looks as good as leather. It may be heavy, it is indubitably expensive, but the older it gets the better it looks.

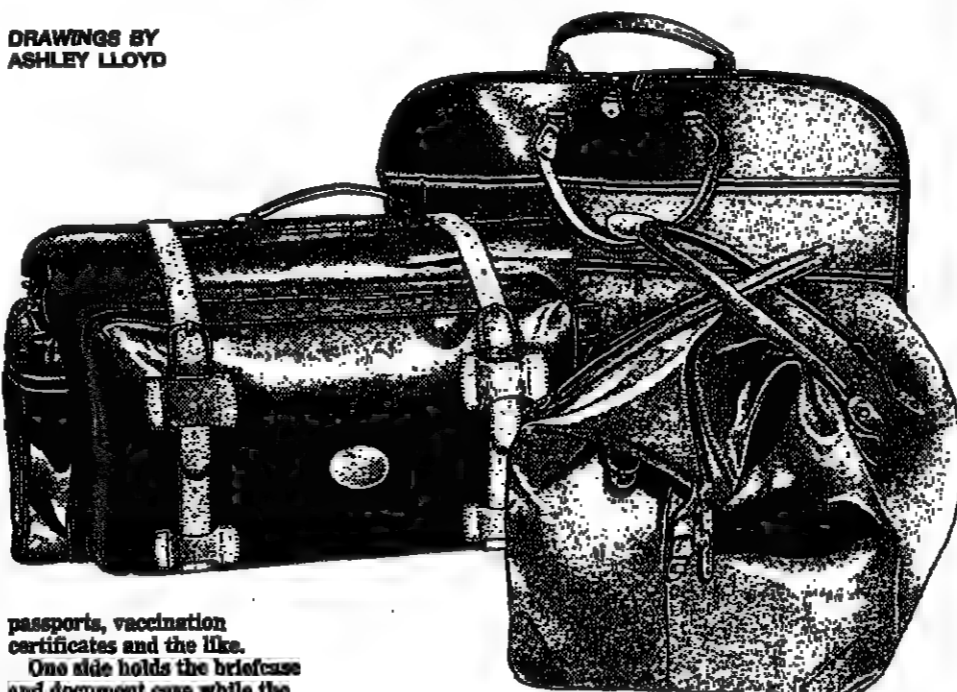


Sketched on the right, are four very special pieces, each designed to meet a specific travelling need and each of which, while indubitably

expensive, is so finely made that it should last way beyond your own lifetime. Henry's, an all-British leather company with a flagship store at 143 Fulham Road, London SW3 (tel: 071-581-1321) has produced the Survival Bag, which is small enough to fit under an aircraft seat yet seems to hold an amazing amount. A combination of suitcase, briefcase and document case, it also has two flaps on the front to hold things such as



DRAWINGS BY ASHLEY LLOYD



passports, vaccination certificates and the like.

One side holds the briefcase and document case while the other has four separate deep pockets, each of which has a canvas container into which you can put all those myriad things that seem an inevitable part of modern travelling (the personal toiletries, the malaria tablets, the pocket calculators, or the tot of whisky). It costs £751.

Next come three pieces from a new range by Baronessa Franchetti. First comes The Weekender - roomy (22in by 10 in by 13) but nothing like as heavy as it looks. It has a large, front pocket, another

pocket at each end and a detachable shoulder strap. Like all Baronessa Franchetti's collection it is made from full hide tanned with natural ingredients. In green and tan or black and tan, it is £378. Next comes The Overnighter, a simple, classic Boston-style overnight bag with a detachable shoulder strap. 30 in by 14 in. It, too, comes in green and tan or black and tan for £250. Finally, there is The Suter.

Suits or dresses hang on the inside hanger and there are three outside pockets, one large and two small, for accessories or documents, as well as two further pockets inside. Measuring 18 in by 24 in when closed, it costs £250. All have fine brass detailing with good looks. Franchetti-Bond is at 7 Burlington Arcade, London W1 or 5 Lion and Lamb yard, Farnham, Surrey GU9 7LL. (Tel: 071-629 0625 for mail order).

■ IF YOU have, as I do, a friend who is gradually going blind from too many years spent in the African sunshine, if you know that writer Wilfred Thesiger, too, is almost blind from the effects of the desert sun, then you will probably not need much urging to wear sunglasses in strong sunlight. Sunglasses are not just for the *Hello!* set, photographed as they stumble out of jets or enter nightclubs. With lenses of good optical quality they are more than just a fashion accessory, they are essential eye protection. Unfortunately, good lenses do not come cheap. Those which are just coloured will not protect against ultra-violet rays and are more damaging to the eyes than wearing no glasses at all (the eye, thinking it is dark, dilates making it even more vulnerable to the sun's rays). Most branded lenses do give some protection but you should always check. Having made sure that the lenses are good you can then worry about fashionable frames. This year's latest shape is what you might call *Swot-of-the-Remove*, small round frames giving an air of entirely illusory (in most cases) scholarly distinction. Not the most flattering shape, it is the one most in favour with the *Vogue*ettes. Sketched here is a version by Giorgio Armani, £115, while Armani's other pair folds into a neat leather pouch, £125. The black Valentino shades are £115 and represent the other fashionable shape - upswait sides with protection at the sides. All are available from Harvey Nichols and Harrods.

■ THERE ARE some for whom the only holiday hat is a Panama. Proper Panamas, like the two sketched here, come from Ecuador, where they hand-plant the fibres of the pipijapa plant to make the distinctive headgear. They are then steamed and blocked in the US, from whence they set out on their journeys round the world. If you are wondering why they are called Panamas it is because north American sailors first discovered them on sale there. The two sketched here are imported for gardeners by Pulbrook & Gould. Not only



■ FOR THOSE who love gadgets the Go selection is the name to look for. Whether you want something as simple and useful as a portable iron (The Slim Press), some travelling adaptors, a sturdy flight bag or a tough holdall, Go will be bound to have it. There is a travelling laundry (tube of Kwikwash, Stain Go spot removal sachets, a clothes line with hooks and suction cups, a PVC laundry bag, laundry pegs and a carry case for just £4.50), an array of money belts and bags, as well as inflatable pillows, packaway macs, blow-up hangers and pouches.

Photographed above is the Wonder towel (£4.50) which, measuring just 70 cm by 25 cm, mope up as much moisture as a bath towel. Apart from its uses while travelling it is ideal for the aerobics set. Also pictured is the Aquasafe, a water-proof - if you follow the manufacturer's instructions - belt safe which means you need not leave your valuables on the beach but can take them swimming with you - though not, it seems, scuba-diving. Go products can be found in most department stores and Big airports, such as Heathrow and Gatwick, have a large selection of their wares.

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## How to be a Bond-style survivor

Lucia van der Post visits a shop which can supply peace of mind

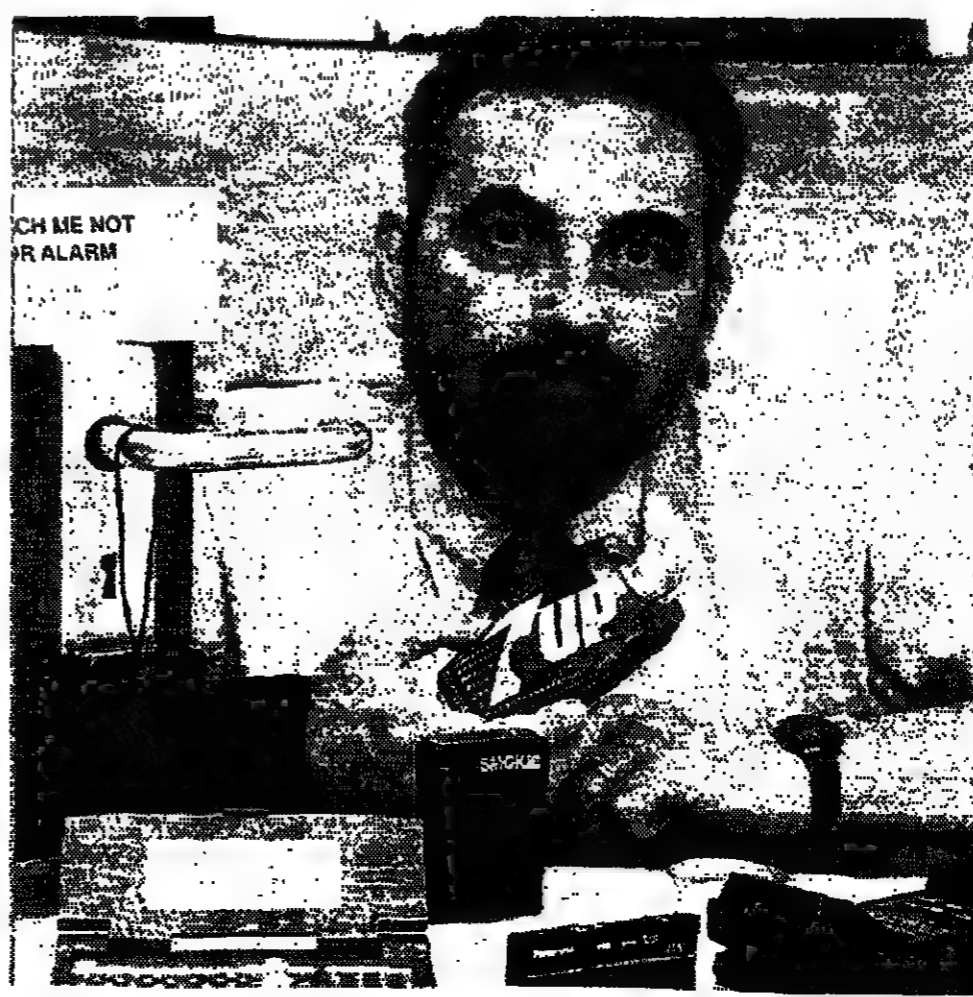
THE PARANOID will find encouragement by visiting Spycatcher, a shop in London which specialises in "personal protection and surveillance systems." There are devices to pander to eternal worries and goodies to soothe away their fears. If, for example, you are worried about becoming ill in some country where hygiene is not all it ought to be, take your own kit. Choose from an Aids to Survival Kit (£26), which has sterile needles bandages, gauzes, and sutures, a Tooth-care kit (£15), and an all-purpose Survival Kit (£33) which has a combination of medications and items including:

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sutures, salt tablets, potassium permanganate, thread and needles "for mending clothes, making shelters or stitching wounds", razor blades, lip salve and a wire-saw. If your worries centre more on what is happening back home while you are enjoying yourself there is a panoply of anti-theft devices which could buy you peace of mind. Simple and inexpensive are the series of cans or containers which look exactly like ordinary household products but are in fact small "diversion" safes. Ranging in price from £25 to £30 you could choose from cans of Diet-Coke or Heinz Beans, tins of furniture wax or tubes of after-shave and shaving cream.

For those fearful for their personal safety while abroad there are lots of small personal alarms, a "touch-me-not" door alarm (£40, hang it on the inside of your door and as soon as it is touched it lets out a piercing noise), battery-operated portable smoke alarms and a wallet-sized smoke-hood which gives you two or three minutes protection from smoke if a fire breaks out.

If you are the sort who cannot bear to be out of touch



Mike Phillips, manager of Spycatcher, with his James Bond gadgets

with the office maybe you should invest in the smallest fax in the world - not cheap at £1,000, but to the persistent deal-maker it could be worth it. It measures about 6 in by 4 in by 1/2 in - you type in your message, plug it into a telephone, press transmit and off it goes. Then there is a series of small tape recorders specially modified for long play, starting at £300. Tiniest of all is the credit-card sized version that will record for six hours, £350.

Spycatcher is also the place for the latest in "toys for the boys" - all sorts of wonderful gadgets for the would-be James Bond set such as spy cameras which double as lighters, briefcases with cameras and pens that are also tape recorders.

Finally, some readers might like to know that there is now a portable Muslim Prayer Clock, though at £2,500 it is clearly only for those who are rich as well as devout. You programme in the location (London, Delhi, Sydney, wherever), the date and the time and the clock (with the help of a gyro compass) will point the way to Mecca. From then on it calls you to prayer at the appointed hours and at the same time chants the prayers.

■ Spycatcher is at 25a Lowndes Street, London SW1. Tel: 071-245 9445. There is no catalogue but any of the items mentioned can be sent by mail.

فلا آمن إلا الله

## FASHION

# Lightweight clothes you can fly away in

*Avril Groom recommends smart but comfortable travel wear*

**T**HAT RARE creature, the truly organised business traveller, is easy to recognise. A female specimen was spotted recently, LA-bound in first class. Straight after take-off she slipped from her power suit into something more comfortable (silk lounging pyjamas) and went aggressively into relax mode - no drink, no food, no fun, just an eyemask and a "do not disturb" sign. Half an hour before landing she reversed the process ready to zip off the plane, all pistons firing.

Most of us are not like that. We find such fuss embarrassing. The navy cotton jersey pyjamas which British Airways now hands out, together with duvets, on its first class sleeper service are, according to one frequent flyer "gratefully received - for jogging at home", although the airline claims that if one passenger can be persuaded to wear them the others follow suit.

Most business travellers make do with an extra outfit which, they hope, their suitcase will keep uncrumpled. But ensuring that you arrive looking untruffled is difficult. Flights within Europe are too short to allow time for changing, though you could easily be met by a completely different climate. The aircraft itself may be colder, or stuffer, than the weather at either end. If you travel casually dressed, delays and traffic jams may play havoc with your plans to change at your hotel before your meeting.

Fabric manufacturers and fashion designers are doing their best to rewrite travel's old maxim. For them it is better to travel comfortably than to arrive - especially if your destination is short on air-conditioning. The secret is in modern high-tech fabrics, such as wool spun so lightly it feels like silk, and in new fibre combinations that mix natural for comfort with man-made for uncrumplability.

Layer these fibres for maximum flexibility, but stylishly, so that nothing looks like a haphazardly thrown-on afterthought.

Companies which court the business market have turned their attention to the needs of the international traveller. Alfred Dunhill always uses natural fibres, primarily fine wool, silk and cotton but, says design director Alan Duddle, "they have an inherent tendency to crease. We now use very high-twist yarns which crease considerably less, and we are constantly researching ways to produce clothes which are as practical and versatile as they are comfortable".

Dunhill, together with Aquascutum, does a lightweight, unlined cotton showerproof raincoat for travelling. Burberry's version packs into a small pouch. Its crease-resistant, lightweight gabardine interpretation of the traditional blazer, unlined or half-lined, is



another good travelling companion. Like Herbert Johnson, they make a collapsible Panama hat - you fold it flat along its central ridge and roll up to fit in suitcase or pocket.

For adventurous types who may feel that a blazer and flannels is good enough to do business in, Gucci have wool trousers that look like conventional marled flannel but feel like gossamer. This company is a past master at matching fabrics to climate - suits for export to Singapore are specially made in a humid environment.

Those who feel happier in a suit can find the most serious of pinstripes in lightweight super-100s wool, as at Ralph Lauren. And Hackett, which likes to give tradition a twist, has persuaded British mill Reid and Taylor to revive 1830s three-ply construction with super-120s wool for a plain navy, mid-grey or khaki single-breasted travelling suit which sells for £495.

Lighter suits can mean an extra layer for aircraft or even-

ing. A fine slip-on or sweater rarely looks out of place. Richard Paine, of high-quality knitwear firm Alan Paine, says cotton-silk or cotton-linen mixes are good for summer travelling, but that light lambswool or very fine cashmere look more stylish and should not suffer even if crumpled into your hand-baggage.

For women, the advent of softer style has made travelling easier. Giorgio Armani pioneered a viscose/acetate mix, which scarcely creases, for his famously floppy suits and this fabric, often with a fine rib or herringbone texture, is now mainstream fashion from labels as diverse as Laura B. Rodier, DKNY and Marks and Spencer.

Light wool crepe is another high-fashion, uncreasy fabric and man-made fibres also deserve attention. Microfibre from Tactel makes soft, light, showerproofs while polyester is no longer a dirty word as its best-quality versions feel and act like silk - which, incidentally, can emerge quite wearably from a suitcase if it is rolled rather than folded.

Always take an extra knit layer, cashmere or a cool, light mix such as Rodier's wool/acrylic Kashia, or a big soft shawl - Louis Vuitton does cashmere/silk travel throws as well as the famous hard suitcases which treat the most delicate garment kindly.

If you are going straight to an evening event, travel in something formal but understated, and keep your jewellery handy. But if in doubt, remember it is the smartest-looking passenger who gets the upgrade.

■ Left: Her - wool jacket, £135, silk sarong, £95, both by Paul Costelloe, silk scarf, £15.95, all in the sale at Fenwick. Lambswool sweater by Pringle, £70 from Selfridges. Suede bag, £225 from Gucci. Earrings, £10 from Agatha.  
■ Him - light wool suit by Strellson, £329, silk tie, £19.95, both from Fenwick. Cotton shirt, £52.50 from Burberry. Belt, £110, leather bag, £585 both from Louis Vuitton. Leather bag, £385 from Alfred Dunhill.  
■ Right: rayon knit twisset, £500, viscose/acetate skirt, £375, all from Gucci. Earrings, £30, bracelet, £54, both from Agatha. Leather bag, £350 from Louis Vuitton.



■ Above left: Him - light wool suit, £570, cotton shirt, £55, both from Ralph Lauren, New Bond Street, London W1. Silk tie, £19.95 from Fenwick, New Bond Street, W1. Cotton/polyamide raincoat, £275 from Aquascutum, Regent Street, W1. Briefcase, £350 from Burberry, Haymarket, SW1. Regent Street, W1 Edinburgh and Glasgow. Coated canvas bag from Louis Vuitton, New Bond Street, W1 and Sloane Street, SW1. Brown bag, £82, fabric and leather suitcase, £75, both from Fenwick, New Bond Street, W1.  
■ Her - wool jacket, £189, trousers, £89, from Phase 8 branches. Silk vest, £10.99 from The Rack, Necklace, £42, earrings, £74, both from Agatha, South Molton Street, W1. Leather bag, £550 from

Louis Vuitton. Proofed cotton raincoat, £450 from Aquascutum.

■ Left: Her - polyester shirt, £69, trousers, £82, in the sale at Aquascutum. Silk cardigan, £139, cashmere/silk sweater, £155, both by TSE from Harvey Nichols and Harrods, Knightsbridge, W1. Bracelet, £11.95, earrings, £12.95, both Fenwick. Bag by Soho, £150, Harrods. Him - wool gabardine blazer, £235, cotton shirt, £49.50, silk tie, £32.50, all from Burberry. Wool trousers, £175, Gucci. Belt, £110 from Louis Vuitton. Bag, £195, Henrys, Fulham Road, SW3.

■ Above: Her - Kashia cardigan, £95 from Rodier, Knightsbridge, SW1. Wool skirt (part of suit), £365 from MaxMara, Sloane Street, SW1. Viscose top by Ghost,

£90 from Whistles branches, Liberty, Regent Street, W1 and Warehouse of Glasgow. Loafers, £120 from Gucci, Old Bond Street W1 and Sloane Street, SW1. Earrings, £14, Agatha. Necklace, £20.95, Fenwick. Packaway cotton raincoat, £350, bag, £195 from Burberry.  
■ Him - cotton raincoat, £345, silk/wool jacket, £495, cotton trousers from a selection, cotton shirt, £50, silk tie, £48, from Alfred Dunhill, St. James's, SW1. Lambswool sweater by Alan Paine, £69 from Fortnum and Mason, Cordings and Fenwick. Shoes, £138, Russell and Bromley.

Hair and make-up by Jo Gillingwater. Pictures by Tony Basse at Gatwick Airport, courtesy Delta Air Lines.



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ANGEL

## FOOD AND DRINK

**T**HE FLOURY fad of making pasta at home seems to be on the wane. Many pasta-making machines have joined the once-fashionable ranks of slow cookers, yoghurt-makers and sandwich toasters, has-beens now rattling like skeletons in the back of kitchen cupboards. Even deli-traitors who once boasted massive trays of pasta "freshly made on the premises daily" are cutting back.

Yet pasta is bigger business in Britain now than ever. Most of us eat pasta once a week; many eat it twice or more. So where does it come from? The answer in the main is from the High Street multiples.

Half-yard lengths of dried spaghetti wrapped in dark blue paper can still be bought, but the major part of our pasta binge is catered for by supermarket own-label fresh pasta. But how good is it? How does it compare with a competent cook's home-made? And how does it rate against quality brands of dried pasta from Italy, such as La Molisana, de Cecco and Agnesi?

I asked each of the High Street multiples to provide samples of their own label offerings for two blind tastings, one of fresh and one of dried. Each company agreed to supply its plain egg tagliatelle in the two versions. In the event, Asda and Sainsbury failed to deliver. Tesco's fresh was ruled out of court because it was spinach, not plain. Similarly, the dried tagliatelle from Waitrose and Tesco were deemed *hors de combat* because they were flavoured with garlic and herbs. The field, much reduced, none the less provided an interesting study.

I subjected the pastas to a fine selection of palates: Anna Del Conte, Britain's most respected writer on Italian foods; Joceline Dimbleby, winner of this year's Glenfiddich cookery writer award; Simon Parkes, former Michelin inspector and now a radio journalist; Oliver Waley, Anna Del Conte's husband, a critical and experienced pasta eater; and Henry Dimbleby, Jossey's son, fresh from a stint in Bruno Lombardi's kitchens at The Inn on the Park in London.

Each pasta was prepared the same way - cooked in fast-boiling salted water, drained, but not too thoroughly, and anointed with a smidgeon of unsalted butter (better than olive oil for taste-testing as oil has too much character of its own).

We started with the fresh pastas. Even in their raw state the three looked quite different. Marks & Spencer was much the yellowest and the skin looked almost waxy. Sainsbury was also yellow, but less intensely so, and the ribbons were thicker. Waitrose was pale buff, grainy looking, narrower and drier.

Depth of colour, Anna suggested, indicates quality. She went on to explain that home-made (ie fresh) tagliatelle is the pasta of northern Italy, traditionally made with nothing but eggs and soft wheat 00 flour. Dried pasta, on the other hand, is the product of the south, traditionally made from hard durum wheat semolina and water. That is why good fresh pasta is yellow, egg and delicate tasting, while good dried pasta smells and tastes of wheat and has a firmer, floury bite.

Each of the three fresh pastas tasted very different. Anna and Henry were especially enthusiastic about the Marks & Spencer. "Very similar to tagliatelle as I would make it at home," approved Anna. Indeed, it is made with the classic ingredients: whole eggs imported from Italy (it is the Italian eggs that give the dough its rich colour) and Italian 00 flour - plus a little British flour to facilitate



Pass the pasta. From left: tasters Henry and Joceline Dimbleby, Anna Del Conte, Simon Parkes and Philippa Davenport

Cookery / Philippa Davenport

## The long and the short of buying perfect pasta

machine rolling. "Good waxy bite," "lovely feel in the mouth" and "appropriately egggy with no taste of flour" were other appreciative comments though Jossey found it "rather rubbery".

Sainsbury's fresh pasta was unanimously disliked. Anna suspected the colour was due to carotene. Simon called it "hard, heavy, laboured". "Bad pasta," said Oliver. "Stodgy," "not good in any way" were other bricks hurled at it.

The Waitrose fresh pasta earned more praise although it was not typical of egg tagliatelle, which one expects to be egggy not floury. It had the good wheasty smell, the positive and very pleasant durum wheat taste characteristic of dried pasta, and the correspondingly fine, more floury bite that made it Jossey's favourite of the three fresh pastas we tasted. Anna identified correctly that it was made with durum wheat semolina, egg and water.

Moving on to the dried pastas, what with no-shows from Asda and Sains-

bury, and Tesco and Waitrose submitting non-comparable samples, we were left with just two dried pastas from the High Street multiples. So we tasted them against the latest Italian dried pasta to arrive in the UK, a brand called Spinosi.

Marks & Spencer's dried tagliatelle was remarkable because it was cut so short, looking more like something from a can of Heinz than an adult pasta, and almost impossible to eat since you cannot wind it around a fork. Anna described it as "Tuscan, for the Tuscan are so addicted to soup that they always eat their first course with a spoon. 'Flat in looks and taste,'" remarked Simon. "Decidedly odd tasting," "terribly sticky and heavy," "truly dislikeable," said the others.

Sainsbury's ribbons of dried tagliatelle were long, white and tightly coiled when raw, and "edible but not impressive" when cooked.

So unenthusiasm was both these offerings that, after some discussion, we decided to refresh them - to rinse

them in hot water after cooking to wash away some of the starch. This is commonly done in restaurants to help hold the cooking point and to cope with delays between cooking and serving. Henry had learnt it in Lombardi's kitchen.

Anna disapproved but the proof was in the eating. Pasta of dubious quality is undoubtedly helped by slightly undercooking it and then refreshing it. Thus treated, the sample dried pastas from Marks & Spencer and Sainsbury perked up. Suddenly they looked alive and the taste seemed improved. Even so, the final verdict on the M & S offering was a definite thumbs down and the reaction to Sainsbury was far from ecstatic.

The Spinosi experience was totally different, eliciting accolades all round. These tagliatelle are made with durum wheat and egg in a small Italian factory using labour intensive methods. The beautifully thin strands are hand cut, and its taste and its feel in the mouth are "unmistakably superior," as Anna put it. "Fantastic

to eat, bouncy and as light as a feather," enthused Simon. "Delicious, full of character and amazingly elastic," said Jossey. "And it holds its cooking point perfectly," said Oliver.

In summary, the Waitrose fresh tagliatelle at 89p per 250 gram pack was the cheapest of the pastas we approved. Marks & Spencer's fresh tagliatelle cost rather more at £1.19 for the same weight, and Spinosi at £2.85 cost the earth - but because of its outstanding quality the Spinosi will stretch further.

Spinosi is the pasta that is taking over from Cipriani, about which I have enthused before and which Danmar has now ceased to import. Spinosi is even better to eat than Cipriani and Danmar says it is about 30 per cent cheaper. A premium product at a premium price.

Waitrose fresh at 89p, with its agreeable wheasty taste, and Marks & Spencer fresh at £1.19, with its egggy delicacy, are affordable for everyday meals. Both are well worth freezing. ■ Next week: pasta sauces.

## Wine/Edmund Penning-Rowse Chianti rings the changes

**W**HEN IN 1984 the whole Chianti region was awarded the top *Garum* appellation, the wine's reputation and sales suffered. For how can millions of bottles produced by thousands of growers be "guaranteed"?

However, two negative factors were reduced at the same time. The high stipulated percentages in the blend of dull, high-yielding Trebbiano grapes and over-productive Canaiolo were cut and now are often ignored. One grower in the Classico zone said: "I have Trebbiano in the vineyard but not in the wine." Also the maximum permitted yield per ha was reduced from 70 to 52.5 hl.

Moreover, in the leading Classico district the need for improved quality has been recognised and, with the support of the Black Rooster Consorzio's 600 members, Sangiovese Classico 2000 was set up in 1988.

Experimental vineyards were organised throughout the area. New Sangiovese clones and new cultivation methods are being tested at a time when the massive and often ill-advised planting in the 1960s and early 1970s must soon be replaced.

New legislation is planned to alter the future of high-quality *vino da tavola*. These were started with Antinori's Tignanello 1971, as a protest against the high percentage of Trebbiano and other minor grape varieties in the official blend and the refusal to admit the Cabernets and Merlot.

The Classico appellation will be allowed blends containing 100 per cent Sangiovese, already a feature of *vino da tavola*, including Isola d'Elba's esteemed Cipriani and Fontodi's Fiesolano. Further, this would be permitted for single-vineyard wines such as Tignanello, which would be entirely acceptable to Antinori. In five years' time, one leading grower told me, *vino da tavola* will be confined to the basic wines they were intended to represent.

Then, minimum planting density per hectare will be increased from 4,500 to 3,500 vines, although this is thought to be insufficient by the best growers, who plant between 4,000 and 5,000, though no further reduction in maximum yields is yet provided for. Informed opinion believes they should be reduced to 40-45 hl per ha. But in Italian wine politics nothing is certain until the decree is signed.

Moreover, the Classico

producers are expecting a separate Chianti Classico D.O.C.G., as reasonably they claim a higher status than the great mass of Chianti made from Pisa to Siena. A new D.O.C.G. would also apply to the small district of Rufina, to the east of Florence, which includes such respected estates as Frescobaldi, Salviatini and Grati. Finally, a *Vino da Toscana* is projected. The effect of all these changes would be to create a pyramid of single-vineyard wines at the top. This would certainly make selection easier for consumers.

The developments will not only apply to Chianti. Sassicaia on the Tuscan coast at Bolgheri, where white and rose wines are already D.O.C., is likely to become Sassicaia Bolgheri D.O.C., and, in view of its long-established reputation, D.O.C.G.; to be followed by the new Ornellaia.

Altogether, this will cause a reevaluation of the role of superior Chiantis. In the old, flaccid days, Chianti was regarded as little more than a quaffing wine, with little concern for vintage or maturing possibilities. But today the Riservas have to be kept in cask for three calendar years, and even the normal Classico must have a year in wood before being marketed. Good vintages like '85 and '88 deserve at least seven or eight years in age, and the exceptional ones like '82, '83 and '90 often much longer.

As few of us are familiar with the varying quality of the vintages, notes on the last 12 Classicos may be helpful: '81 - good bouquet, medium body, developed early but ageing well; '82 - after an exceptionally dry summer an outstanding vintage, harmonious and at peak; '83 - again very hot summer, fine nose, good body, lower than normal acidity; '84 - very wet September, and poor; light wine; '85 - big structure, full-bodied, highly regarded year, and still very good; '86 - early vintage, big aroma, well-balanced, softer than '85 or '88, but concentrated; '87 - high yields after rain at vintage, moderate quality, to be drunk; '88 - big wine, still closest, tannic but should develop well; '89 - generally a poor year, light and for early drinking, few Riservas; '90 - outstanding - "the best for 50 years", said one grower in adjoining Rufina. True also in Classico. Still closed. A wine to keep; '91 - light wines for early drinking, not much quality; '92 heavy rain from the end of September spoiled the crop, but those who picked early made attractive wines.

### Common Markets

## Survivors of Teutonic hygiene

**G**ERMAN and Austrian markets are frequently disappointing places. An obsessive regard for hygiene in both countries tends to rob the stalls of the aesthetic and olfactory appeal of their counterparts in southern Europe. There is just a bit too much plastic wrapping to stir the gastric juices.

In many cases, were it not for the much abused Turks, these institutions would have disappeared long ago; for like the British and the American, the Teuton prefers the bovine calm of the supermarket to the aggressive bustle of the streets.

Still there are impressive market places in many German and Austrian towns and cities; superb sites such as the *Viktualienmarkt* in Munich. These days, however, people are more likely to descend on the *Viktualienmarkt* to scoff a brace

of those veal and parsley sausages the Münchener call *Weisswurst* than they are to stock up on food. In all German and Austrian cities the market place is a useful place for a snack of some *Leberkäse* or meatloaf, or a plate of sausage.

The *Viktualienmarkt's* Viennese equivalent is the *Naschmarkt*, five minutes walk from the *Staatsoper* and just behind that art nouveau jewel, the *Secession*. Indeed, for some the *Naschmarkt* is gentler on the eye than it is on the stomach: the buildings were constructed around 1900 when the Wien river was covered over and to the left and right are the *Wienzeilen*, terraces which contain splendid examples from this rich period in the history of Viennese architecture.

The first stalls in the market should be ignored, unless you are looking for a shot of *Bratwurst* and

a roll from one of the many *Würstelstände*, a snack at the fish shops belonging to the German Nordsee chain or a look at a few cheese stalls and delicatessens. The stringency of the Austrian law on cheese production and storage makes it almost wholly without interest. In the delicatessens everything is swaddled in unsexy plastic.

Further up on the left is a stall which enchanted me on my first visit to Vienna, almost a quarter of a century ago. It is a rare survival among the Turkish and Serbian fruit and vegetable shops in that the accent is wholly Germanic with its great tubs of Sauerkraut and brine-soaked gherkins.

The acid smell which emanates from these strategically placed barrels is to some degree offset by the nearby spice merchants with their little packets of paprika. These are

sold at varying strengths to ensure the correct mix for goulash. Much like Britain, Austria's gastronomic traditions were considerably enriched by borrowing from its subject peoples during the empire. It may be Hungarian in origin, but these days, no Austrian could survive for long without goulash.

Weekends can be a bore in Vienna. An offensive, frustrating law requires all Austrian shops to close at midday on Saturday. It means you are required to stock up for the whole weekend in the few hours of Saturday morning. The law is relaxed on just one Saturday a month when shops have the right to stay open all day. On Sundays, however, only restaurants are open, and a gloom descends on the city which makes even London look gay.

Saturday morning is, however, the best time to visit the *Nasch-*

markt. By ancient tradition Austrian farmers have the right to set up their stalls at the far end of the market, just before the flea market where, if you are on the ball, you occasionally come across interesting old books and records.

The advantage of the *Bauernmarkt* or farmers market, is that fresh products are sold without the plastic coating which is the rule at the Opera end. This is the moment to buy honey, Speck, or fat bacon, cut from the fifth sausage, including excellent *Bismarck*, or black pudding from Burgenland; ham; pumpkin seeds, which make an extremely good nibble with pre-rapeseed drinks, or better still *Kirschkernöl* or pumpkin seed oil from Styria. Virtually unknown in Britain, this dark oil is the soul of a Styrian salad. At vintage time you may also buy *Most* or grape juice, or *Sturm*, which is fermenting must, a drink which is meant to go well with onion tart.

Only on Saturday mornings does the *Naschmarkt* live up to the promise of its lovely setting.

Giles MacDonogh



Bring on the Bratwurst: a sausage stall in Vienna's Naschmarkt

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WINES FROM

SPAIN

**W**HEN PHILIP Harris, proprietor of the Bahn Thai restaurant in Frith Street, London W1 (tel: 071-437-5504), sought to mark its reopening after a major refit he looked for inspiration from the far east and the south west.

From the east came a 900-year-old statuette of Buddha, incense, candles, orchid and a Thai goblet filled with holy water with which to anoint the restaurant's staff. From the south west - the Thai temple, Wimbledon - came nine Buddhist priests who prayed for the restaurant's well being and blessed the staff. Then to lunch: two different Thai curries, spiced crispy fried mackerel, a salad of minced pork and pigskin with whole red chillies, mint and peanuts, raw vegetables and glutinous rice washed down with fresh orange juice and tea.

The restaurant is now

restricted to the upper floor. On the ground floor Bahn Thai now serves what can only be described as Thai tapas for those wanting a quick snack.

Dishes include: Thai-style fried dry salt beef (£8.45), stuffed chicken wings with a plum sauce (£4.65) and spicy Thai pork sausages (£4.80).

There will be a festival of Thai Food and Culture in the grounds of the Thai Temple, 14 Calonne Road, off Wimbledon Park Road, London SW19, on Sunday July 18, 10.30am-7pm.

Leith's will be running a five-month Credentialed Course, starting next January, designed for those looking for a change of career, for women

returning to work after having children and for those who may be seeking a professional catering career but who do not need to start with basics. Cost: £5,125 per person. (Details: 071-298-0177).

For those touring England this summer there are some good value breaks on offer from hotels with distinctive restaurants. At Buckland-Tout-Saints Hotel, Kingsbridge, on the south coast of Devon (0648-839055), a two-night break including dinner, bed and breakfast is £75 per person. Further north in Skipton, Yorkshire, near Bolton Abbey, the same deal is available for £87.50 per person at the Devon-

shire Country House Hotel (0758-710441).

In the New Forest, Hampshire, one of the original country house hotels, Chewton Glen, is offering a "green shoots package" - £99 per person for dinner, bed and breakfast, Sunday-Thursday nights only (0425-375341).

A survey of children's cooking skills in this country revealed depressing results - one in two interviewed could not even boil an egg. And, with domestic science disappearing from the curriculum in many schools, this trend is likely to get worse. Last week the House of Commons saw the launch of "Get Cooking" a project aimed

at reversing the trend. An information pack giving advice and recipes aimed at teaching children the foundations of wholesome cooking is available, price £12.50 plus 1.50 p&p, from Get Cooking!, National Food Alliance, 5-11 Worship Street, London EC2A 2BB.

In Giles MacDonogh's article last week on Belgio, 72 Chaik Farm Road, London N1, the restaurant number was given incorrectly. It should be 071-267-0718.

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Handwritten text in Arabic script: "الله اعلم" (Allah knows best).

## MOTORING AND SPORT

Motoring/Stuart Marshall

## A bigger embrace for diesels

**M**ORE diesel cars are bought in France than anywhere else. They account for nearly 50 per cent of new registrations. More diesel is now sold at filling stations than petrol.

Britain's diesel car market is the world's fastest-growing although still well short of France. Even so, one car in five sold in Britain this year is likely to be a diesel.

As recently as the mid-1980s, though, they were comparative rarities. Most British motorists still thought of them as noisy and gutless oddities run by economy freaks.

No company has done more to change the British view of diesel cars than PSA (Peugeot-Citroën). Its Peugeot 205 and 405 and Citroën BX and ZX have for years been consistent best-sellers in the UK. Now, the new Peugeot 306 (made like the 405, at Ryton, Coventry) and, in a few weeks, the new Citroën Xantia, will boost diesel sales higher still.

The Peugeot 306 rides and handles exceptionally well (like the Citroën ZX, with which it shares mechanical bits and pieces). Since its UK launch in the spring, it has been sold only with petrol engines but, last week, I tried its left-hand drive, 1.9-litre 306 diesel in France. The non-turbo, 70 hp version impressed me but I was enchanted by the whispering, 92 hp, turbo-charged and inter-cooled model.

It drove with a vigour that would have done credit to a petrol-engined car and was so refined that I simply forgot (as one does with BMW's six-cylinder turbo-diesels, newly-arrived in Britain) that it was a diesel at all. It pulled so strongly from 2,000 rpm upwards that it felt as much a "one-gear" car as a massive American V8. (Yes, there are still a few with manual boxes).

Prices of 306 turbo-diesels start at £11,475 and non-turbo models, with less luxurious trim, from £9,345.

Coming to Britain in the autumn is a 1.8-litre, petrol-engined automatic. It has the same smooth-changing ZF transmission as the 405 and is likely to cost about £750 more than the equivalent manual-gearbox 306. Other 306s in the pipeline include a sporty two-litre, three-door due late in the autumn and, eventually, cabriolets.

Sadly, Peugeot has no plans to market a 306 diesel with automatic transmission although Citroën offers a two-pedal ZX diesel without a turbo-charger at £11,585. An automatic turbo-diesel Peugeot 306 - or,



The Peugeot 306: a diesel that drives with vigour

for that matter, Citroën ZX - could be a delightful and easy-to-drive car, very lively yet still capable of 40 mpg-plus (7.06 l/100 km) economy. But the combined extra cost of turbo-charging and automatic transmission - roughly £1,300 - might price it out of the market.

Automatic transmission has not caught on as widely on mainland Europe as it has in the UK. About 10 per cent of all new cars in Britain and 20 per cent in Switzerland are automatics, but only 2 per cent in France and Italy.

It is all to do with the Latin tem-

perament and machismo. Latins love shifting gear. Indeed, Italians are said to feel that two-pedal cars are only for the handicapped or people who hate driving. "They just don't realise our automatics are so enjoyable," mourned a man from Peugeot.

FILLING a car gives many people the same feeling as paying for a supermarket trolley full of groceries. How on earth could it possibly cost so much? So, it might come as a surprise to learn that British pump prices for petrol are among Europe's lowest.

According to the Automobile Association, UK motorists in mid-June paid an average 50.51p a litre for unleaded. Leaded super was 54.37p and diesel 50.14p (although all prices were about 3.5p a litre lower at supermarkets).

Compare Britain's 50.51p for unleaded with 74.28p in Norway, 71.74p (Sweden), 70.43 (Italy) and 67.55p (Holland). It should make you feel better.

Britain's average 50.14p diesel is fairly expensive, though. Diesel is cheaper everywhere except Denmark and Sweden, Italy (once renowned for cheap diesel but where it now costs 56.43p) and Switzerland (where it has always cost

more than petrol and is now 57.41p). French diesel at 44.07p a litre (say, £2 a gallon) compares with unleaded petrol (61.6p a litre or £2.80 a gallon) and leaded premium (65.68p or almost £3 a gallon). You can see why the French prefer diesels to petrol cars and avoid cars that are heavy drinkers.

Western Europe's cheapest petrol is in Luxembourg: 43.76p a litre unleaded and 51.09p leaded. Diesel is also a good buy in Luxembourg at 37.43p, but is cheaper in Norway at 31.85p, much less than half the price of unleaded petrol.

Greece favours diesel car drivers (29.12p a litre against 58.54p for unleaded petrol, 61.89p for leaded) but the best European country in which to tank-up with any fuel has to be Turkey. Diesel at 24.79p a litre is half the British price, while Turkish leaded premium (34.92p) is even cheaper than unleaded (33.22p).

If you are thinking of driving a newish car with a catalyser to eastern Europe, the AA warns that unleaded pumps are few and far between in Bulgaria, the Czech and Slovakian republics, Hungary, Poland and Romania. It would be wise to carry a spare can or two of unleaded in the boot.

Make sure, though, that the containers are empty until you are over the Channel. Only the contents of a car's tank are allowed by the ferry operators.

Tennis/John Barrett

## Novotna's biggest day on court

**T**HIS afternoon's 100th Ladies Singles final at Wimbledon could mark the beginning of a new era in women's tennis. If the 24-year-old Czech, Jana Novotna, seeded No 8, plays as well today as she did on Thursday to beat the nine-times champion Martina Navratilova 6-4, then she will beat the reigning champion, Steffi Graf. But will she be allowed to?

In many ways this match is as fascinating as the one forecast by the seeding committee, Graf (1) v Navratilova (2), for Novotna is the logical successor to Navratilova as the arch apostle of the serve and volley game. Like Martina, Jana was born in Czechoslovakia and for the past three and a half years has been coached by Martina's successor as that nation's No 1 player, Hana Mandlikova.

Ever since I first saw Novotna in 1986 when she won the US Open junior doubles I knew that she had the potential for greatness. Already the fluent, well-timed ground strokes (albeit with too large a swing in those days) were well grooved, the keenness to advance to the net was apparent, the ability to move from low volleys to deep overheads with the fast, natural court coverage of a born athlete all marked her as one to watch.

Still lacking was the self belief of a true champion. Young Jana was a shy, sensitive person, almost apologetic for the glorious winners she hit. Would this free-hitting teenager who bounced around the court with the playful grace of a lion cub grow in to a fierce lioness capable of making a kill when her life depended upon it?

Jana's steady but unseasonal rise through the rankings, from 172 in 1986 to 49 in 1987, 11 in 1988 and 7

two years later, suggested that she might. Yet still on the great occasions Jana's belief died.

There were two failures in 1991 that left a question mark over her head. At the Australian Open she scored a magnificent 5-7 6-4 8-6 quarter-final victory over Graf but then collapsed in the final against Monica Seles after taking the opening set. Five months later, at the French Open, Jana was thrashing Gabriela Sabatini with some glorious all-court tennis that seemed, at last, to proclaim her arrival among the game's elite. However, after letting two match points slip in the second set and then losing the tie-break, she again collapsed and lost the last set 6-0.

Suddenly, here at Wimbledon, it has all come together. Three straight sets wins over inferior clay-court opposition were the prelude to a fine win in three sets against another with huge potential - Miriam Oremans of the Netherlands. There followed a confidence-boosting 6-4 6-3 victory over the 1991 finalist, Sabatini, which seemed to exorcise the demon of self-doubt.

Certainly belief was still strong in the semi-final against Navratilova. The serve, slightly remodelled with less knee bend and a faster throwing action, was deadly. Six aces brought her tally for the tournament to 28 and many more deep penetrating deliveries paved the way for firm winning volleys.

But it was the tactical acumen Jana showed that most impressed. Jana, encouraged by urgent nods of approval from Mandlikova in the players' box, stuck to her plan. Her blocked returns of serve, taken on the rise and projected down the lines past the advancing server, made every Navratilova service game a gamble. Three times in all,



Striving for the biggest prize: Jana Novotna, a talent whose time may arrive this afternoon in the women's final at Wimbledon

twice in the first set once in the second, Novotna broke the former champion who was made to look a yard slower than usual.

Before the match Mandlikova had told me "Jana is now mature enough to win. She may have lost to Martina seven times, but she is not afraid to win today."

It was an interesting assessment and one that was confirmed by Jana herself afterwards. "I came into the match with a little disadvantage. Martina has won the tournament nine times. She feels she owns the Centre Court. I was the one who didn't play one match there... I

had to overcome so many things. So I just said, don't worry about it. The court is the same like anywhere else so just play the ball. That's exactly what I did. I just think I've done it so well and played just the perfect match."

Jana was not boasting, simply being honest. And she was right. She did play the perfect match. Hear Navratilova: "That was the best she ever played. If she plays like that she can definitely win the final. There's no question about that."

No question? Well, Graf will have something to say about that as she

seeks to add to her four titles from five finals in the last six years. Now fully restored in spirit after the family traumas of 1990, the defending champion is playing as well as ever under the watchful eye of Swiss coach Heinz Günthardt, in spite of a still suspect right ankle. Once she had wiped out a 1-4 deficit against the surprise semi-finalist Conchita Martinez, Graf's powerful serve and forehand, allied to her heavily sliced backhand and some enterprising volleys carried her to a comfortable 7-6 6-3 victory.

Graf will be playing in her 20th Grand Slam final today, Novotna in

her second. The champion will be aiming for a 13th success, her challenger for a first. In spite of her greater experience, Graf is fully aware of the danger. "She's got the talent, she's got the game and we had a lot of close, close matches also last year. I will have to have a very solid serve and I have to work on my return which hasn't been particularly good today."

This is the 20th meeting between the two best athletes in the game. Graf has lost only three of those matches. She won their only meeting on grass - here at Wimbledon in 1987. But six of their last seven

meetings have gone the distance.

All the ingredients are there for a classic battle. The world's second best baseliner against the best serve-volleyer in women's tennis; experienced champion against talented tyro; German against Czech (continuing the Navratilova theme). Above all, though, it will be a battle of the mind. Graf is prone to moments of mental anguish when her forehead goes haywire; Novotna must prove that the solid belief she displayed against Navratilova will not melt away when the game's greatest prize is at stake. It should be a fascinating afternoon.

Soccer/Stephen Court

## Hand of God for troubled players

**S**UMMER can be cruel for footballers. While league champions and cup victors are still basking in the glory of their procession to the town hall in open-topped buses, it is the time when relegated clubs resign themselves to life in a lower league.

It is also when players' contracts run out. Many teenagers on trial are told by their clubs that they have not made the professional grade. And old-timers are eased out with a free transfer - plus, if they are fortunate, the proceeds of a decent testimonial match.

So who is there to help players when the final whistle blows? Increasingly, football club chaplains are providing a shoulder to lean on. There are around 40 chaplains in the Premier League and the Barclays Football League.

There is even an organisation to promote the spread of sports chaplaincies, called Sports Chaplaincy Offering Resources and Encouragement or Score for short. It is run by John Boyers, formerly chaplain to Watford FC, and chaplain to current league champions Manchester United, since last November.

Although Boyers is a Baptist

minister Score is inter-denominational. It has high-profile backing, with England team manager, Graham Taylor, and the BBC soccer commentator, John Motson, on the board of reference. Ken Merrett, secretary of Manchester United, is also on the board. Merrett also invited Boyers to come north to be his team's chaplain.

Boyers, whose position is honorary, spends Monday at United's training ground. He likes to have lunch with the players, although he is at pains to point out that his "parish" is the whole staff - not just the team members. "My main job is to be a counsellor, and be a listening ear. The chaplain is there to help people - the manager is there to bring success."

About 50 league notches below mighty United is second division Fulham. For the past three seasons, Gary Piper, the vicar of St Matthew's, Fulham, has been the chaplain to the club.

Piper, a former teacher, is a life-long fan of Fulham. He helped run the junior supporters' club before offering his services as chaplain - the then manager, Alan Dicks, accepted. Fulham's assistant manager,

Ray Lewington, admits the club does little for players whose stay at Craven Cottage ends. For that, Fulham relies mainly on retraining schemes provided by the Professional Footballers' Association, although Fulham will ring round other clubs to see if there are any takers for their discarded players.

Piper tries to provide moral support. "Sooner or later a player comes to the end of the line," he says. "A lot of juniors are going to be signed on. It's a heart-breaking thing. Since primary school they have dreamed of being a footballer. I have been there for them, sitting and listening and sometimes drying the tears. The essence is saying: 'You matter as a person'."

Isn't that approach at odds with the macho world of the changing-room? Piper admits that he wonders if he has done anything useful. "Sometimes I feel I'm standing round like a spare part. The hardest thing was introducing myself to the players. I felt I was an outsider. There's still a bit of that, but most of them are very friendly."

Piper has moved from outsider to insider. He has taken part in the club's phone line for fans. His greatest honour - apart from donning a Fulham shirt and playing at the ground for the staff team - was being asked to pay tribute at Craven Cottage to Bobby Moore, after the former England captain and Fulham player died in February.

Lewington says: "With Gary, there's always someone there for the players to talk to. He's the type who will sit down and listen. Coaches and managers are not the people to do it. There's a block between us and players - sometimes they need a neutral. Gary has bridged the gap really well."

Piper usually spends Thursday morning at the club, for the training session, as well as going to the first or reserve team games on Saturday. Thursdays are better for seeing the players, because there is no match-day pressure.

The players can discuss problems with him in confidence. "They know it isn't going to get back to the manager or the directors," he says. He keeps an eye out for players who have been dropped

from the side, or are out for months through injury. News is passed down the chaplains' grapevine and Piper has been to see players in hospital who have come to London from other parts of the country for an operation.

In the 1992-93 season Fulham finished midway down the table. When people hear that the team has a chaplain says Piper they tease that the club should be doing better. But how does he see his role? "I'm there because I'm a Christian, but not to thrust religion down the players' throats. I say to them that I am quite prepared to talk about my faith, but I let them bring the subject up - and some have talked to me about it."

Piper, like Boyers, is unpaid. British soccer is still very different from American Football. For professional and college teams in the US services and prayer meetings are regular accompaniments to games.

Piper says: "Players for the San Francisco 49ers regularly go to church. They were surprised that it doesn't happen here. I think it is very difficult for players here who are Christians. But there are a number who are not frightened to say they are. They are becoming more vocal."

None of the Fulham players are regular churchgoers, as far as he knows.

Piper does not see the players prior to the kick-off on Saturday. "The changing-room is absolutely sacrosanct before a game, except for the manager and coach," he said. "I never go there."

Cricket/Teresa McLean

## The voice of point blank opinion

**A** LIFE IN CRICKET is a well titled book, touching on every aspect of Trevor Bailey's cricketing childhood and years at Cambridge University, no fewer than 21 years of playing and administering for Essex, a decade of trenchant resistance for England in the 1950s and 1960s, then since 1966 his writing in *The Observer* and *Financial Times*, his cricket books, work for public relations companies and, above all, his Test Match commentaries on the radio.

I am one of many people, including some not particularly interested in cricket, who like and admire Bailey on the radio, where he is the voice of point blank opinion clearly expressed. One of this book's themes is Bailey's confident pursuit of his own line and it was as lucky for England as it was unlucky for spectators that the obvious line for him to take as the play was usually a refusal to be out.

He became a model of steady bowling and defiant batting that drove opposing teams to distraction and sent some fans to sleep. However, his innings of 71, in partnership with Wil-

**A LIFE IN CRICKET**  
by Jack Bailey  
Methuen £14.99

lie Watson's 109, to save England from the ferocious bowling of Australia's Ray Lindwall and Keith Miller in the second innings of the 1953 Lords Test instantly became a symbol of national pride. One of the things this book does well to conjure up the atmosphere of the 1950s. Accurate, calm and dogged, Bailey and his fellow saviours go on one work of rescue, if not triumph, to the next in 1950s Tests.

The morning after the 1953 Lords Test, Neville Cardus's headline in *The Manchester Guardian* "Miracle of Faith at Lords" nicely complements the author's description of national tension as evening fell on the fifth day, offices in north London emptied and Bailey stayed at the crease, earning himself his lifelong nicknames "The Bull" and "The Barnacle". It is not exciting reading but if you want to know the details of Bailey's cricketing life, including many he does not

include in his early autobiography, *Playing to Win*, it is interesting. If you want to know about his personal or emotional life, you are wasting your time. It is a cricketing biography and it is exhaustive. There is only one set of pictures, which is a pity. Surely there could have been a few more of the young Bailey, blazer and Brylcreemed, oozing self-assurance. Perhaps too there could have been a little more about the problems.

The vexed question of amateur/professional relations is touched on repeatedly, in the light of Bailey's amateur status and Len Hutton's position as England's first professional captain, but not fully examined. Bailey's unsuccessful captaincy of Essex 1961-68, his failure to win the captaincy of England when Hutton retired and the unhappy departure from English cricket of his protégé Barry Knight are among the problems that get away lightly.

The book is a bit bland, sometimes a bit dull. But Jack Bailey has written it clearly and, like his namesake's batting, it is well worth having.

## MOTORS

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## TRAVEL

# A little hacienda that I know...

I SEEM TO have whizzed through a few hotels lately - some grand, some not, but each of them proof of the diversity and rapidity of evolution in the international hotel business.

Take the Hacienda de San Rafael in western Andalucía, Spain. It is 30 minutes from Seville, Jerez or Arcos and 76 minutes from Ronda. The hacienda is owned and run by Kiky and Tim Reid and is entirely surrounded, at this time of year, by fields of sunflowers stretching to the horizon - a magnificent spot. In turn, Hacienda de San Rafael is one of the most memorable small hotels you may ever encounter, not only for its location but for its food and atmosphere.

The building dates back more than 150 years. Until 20 years ago the hacienda was a *molino*, used for producing olive oil. It has been restored with enormous care. At present there are seven bedrooms with bathrooms, plus two additional bedrooms for family use.

There is a large living room and dining room located on either side of the entrance to the rose, jasmine- and bougainvillea-strewn courtyard, off which four of the bedrooms, duplex-designed and with en-suite bathrooms, are positioned. There is a swimming pool, gardens and a paddling pool. The food is exceptional and Kiky Reid possibly the nicest woman in Europe.

The current room-and-breakfast rate at Hacienda de San Rafael is £70 per night. Lunch or dinner: £22. The hacienda can be booked exclusively for a group of 10-14. Until October, a group booking costs £1,080 per day plus 10 per cent service charge. In winter: £820 plus 10 per cent.

You can book for the Hacienda de San Rafael through TRI Hotel Marketing in London. Alternatively, you can use Kiker Travel, a vigorous

and expert travel organiser that specialises in upmarket European short-break holidays in Spain (primarily Madrid, Barcelona and Seville, but also including hotel itineraries throughout Granada and Córdoba), Portugal, Amsterdam, Paris and Italy. It also handles rail holidays.

Kiker's current charge for three nights at the hacienda on a half-board basis, including car hire and flights from London, is £568 per person. Extra nights: £109. Or you could have three nights at the hacienda (half board) and three (B&B) at the immaculate Casa de Carmona, 20 minutes from the centre of Seville, for £845 per person.

Another excellent establishment is Warsaw's Hotel Bristol. It first opened its doors in 1901, with concert pianist and Polish statesman

**Michael Thompson-Noel** has been sampling a mix of top-class and good value hotels

Ignacy Paderewski as one of its biggest shareholders. It became a Warsaw landmark.

Under the communists the Bristol was closed 12 years ago, but has now been re-established as a joint venture between Forte Hotels and Poland's Orbis. And it is absolutely smashing - stylish, comfortable, discreet and immensely well-run. The service is so professional that there were times when I imagined I was in some hot-shot hotel in Rome, Sydney or Beverly Hills, the sort of place that charges £1,250 a night just for looking at you.

The Hotel Bristol has 163 bed-

rooms and 43 suites, two superb restaurants (one Polish, one Italian), the best hotel café I have ever sat in and an indoor swimming pool. Warsaw is more problematic than London and (as yet) uninteresting. I went on a coach tour to Chopin's birthplace. It cost £30, which was absurdly expensive, though we were given a Chopin recital by a Warsaw pianist, Marta Goscicka, that calmed and charmed us. And on Saturday night I found my way to the ballet at the Warsaw opera house which - for Goscicka - was surprisingly enjoyable. The best seats cost £5.

You will find information on the Hotel Bristol in the Forte International brochure, covering Forte hotels in more than 50 places in Europe, the US, Caribbean and Middle East. The guide price for the Hotel Bristol quoted recently was £61 or \$90 per person per night, including breakfast, for two people sharing (singles: £35/\$140), though room rates are subject to currency adjustment. Offers in the brochure include extra-value longer stays, such as seven nights for the price of six. In many cases children stay free of charge when sharing a room with their parents.

Vastly different is the newly-opened, 150-apartment Corfu Plaza Hotel near Agios Georgios beach in south-western Corfu, the latest addition to Corfu's huge package holiday industry and owned by the local Rizos family. I doubt that FT readers will be fighting to get into the Corfu Plaza - it is not their scene at all though they might want to send irksome teenagers there for a cheerful introduction to a delightful island.

I was more taken with two other Rizos hotels in Corfu. Like the Corfu Plaza, they are to be found in the Thomson Summer Sun brochure - the Hotel Yaliscari Palace



The Hacienda de San Rafael, 30 minutes south of Seville: memorable location and hospitality

at Pelekas and, even more so, the Hotel Agios Gordios at Agios Gordios. The Thomson brochure is a 508-page encyclopaedia of feel-good writing of the highest class. Of the Hotel Agios Gordios, it says: "Couples of all ages will love the romantic setting, peace and tranquillity amid breathtaking scenery."

I am not sure about peace and tranquillity. When I was there the joint was jumping. But the customers looked respectable. The general manager is a beauty. The location is spectacular. And the view westward

over the Ionian Sea is without doubt... romantic. Two people could have a seven-night (half board) Thomson package holiday at the Agios Gordios in late September or October for about £850, which is probably good value. Finally, I spent a weekend recently in a Novotel in the centre of Lille, in northern France. Lille was an eye-opener - excellent shops and restaurants, plenty to see and do - and I am a fan of Novotels anyway, so that was nice. There are 270 worldwide.

Generally, corporate manifests

are risible. But Novotels deliver the goods. There are said to be eight fundamentals underlying the Novotel approach to hospitality - a spacious 34 sq metre room; children under 16 sharing their parents' room; accommodated free; swimming pools and gardens; special weekend leisure packages, especially at Evasion and Thalassa hotels; meals served from 6am to midnight; business services; parking facilities at each hotel, and convenient locations. In addition, rates are extremely competitive.

UK telephone numbers:

Hacienda de San Rafael: TRI Hotel Marketing, 081-976-8418. Kiker Travel: 071-231-3333. Hotel Bristol: Forte International: 0345-404-040; France 01 61 10 65; Germany 0130-2944. Corfu Plaza Hotel: Thomson Holiday Shops: London 081-290-8733; Birmingham 021-632-6282; Manchester 061-236-3828. Novotel: Brochures and bookings through Resinter, which also handles other hotel chains in the Accor group, primarily Pullman Sofitel, Mercure, Altea and Ibis Arcadis: 071-724-1000.

## FT Travel Quiz answers

THE FT's Travel Books Competition drew an enthusiastic and intelligent response from far and wide, with an impressive number of all-correct entries.

The winner, by ballot, was Ms P Mitchell of Greenwith, London, who receives £150 worth of Lonely Planet guides and phrasebooks. The questions were based on FT

travel articles published since the start of the year. Answers:

1) The green Jacquot parrot is the (endangered) national bird of which Caribbean island? Answer: St Lucia. 2) Upset stomachs are the most common health problem faced by travellers. What is the second one? Answer: Malaria. 3) Unter Gösing, in Austria, is famous for which sport? Stag hunting. 4) How many bird

species does The Gambia boast? 2077 5077 9077 507.

5) Where is Mana Pools national park? Zimbabwe. 6) A study has shown that 74 per cent of snailbites are inflicted below the knee. True or false? True. 7) A Kumari is a living goddess in which country? Nepal. 8) How many UK residents went on a cruise in 1992? 78,000? 180,000? 300,000? 200,000.

9) If you fly to Stem Elop, what famous site are you headed for? Angkor Wat, Cambodia. 10) You are admiring the Côte de Granit Rose. In which part of France are you?

Brittany. 11) Septlok, in Sabah, Malaysia, is famous for which creatures? Orang-utans. 12) Which is the largest Greek island? Crete.

13) Which country invented mussels and oysterpots? Switzerland. 14) Cypress Head is a famous golf course. Where is it? South of Daytona, Florida. 15) 50 years ago, which country was known as the Little Switzerland of the Balkans? Romania. 16) Alexander Pearce was an escaped convict who resorted to cannibalism. Where? Tasmania.

17) Where is Lorenzo Lotto's *Madonna in Glory* to be found? Asolo cathedral. 18) What is the recommended speed limit on Germany's autobahnen? 130kph. 19) How tall is the tallest Joshua tree in California's Joshua Tree national park? 26ft 38ft 46ft 38ft. 20) It took the FT's Travel editor, Michael Thompson-Noel, 28 hours (door-to-door) to travel from London to Bali. How many times did the hapless hack's aircraft touch down before reaching Bali? four? five? six? four.

## HOLIDAYS & TRAVEL

### FLIGHTS

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## TRAVEL

Practical Traveller/Michael Skapinker, Leisure Industries Correspondent

## Hanging on to your holiday

I HAVE been to only two creditors' meetings of failed travel companies, but I am starting to get the hang of it. At the top table are the liquidator and his solicitor, dressed in black. Between them sits the managing director of the failed concern - pale, fidgeting and alert to the possibility that a jug of water may be poured over his head, as happened at the first creditors' meeting I attended.

The venue is dingy, as the liquidators do not want to be seen to be spending too much money. I was there as a reporter. You do not want to be there as a creditor. You are unlikely to get either your money back or your holiday.

There are three groups of creditors in attendance. There are the trade creditors - hotel keepers, coach owners, and so on - who know they are unlikely to recover

anything. There are accountants, representing some trade creditors and the odd well-connected traveller, who also know that there will be little money, but who enjoy tormenting the managing director with inquiries about the Italian villa that was previously on the company's books.

Finally, there is you, the travelling public, who have lost both your money and your holiday. The travellers fidget while the liquidator reports on the company's

meagre realisable assets. They listen while the accountants probe the matter of the Italian villa. Finally, one of the travellers explodes, finger shaking at the managing director: "You should be locked up!"

So... how to avoid these gatherings? In theory, no one should ever lose money on a package holiday again. At the beginning of the year, an EC directive came into force, obliging all package travel companies to ensure that custom-

ers' money can be returned in the event of corporate collapse.

In the UK, the directive has already proved useless. Firstly, there is no way of ensuring compliance. Trading standards officers are meant to keep an eye on companies, but they have neither the time nor the experience.

Secondly, no one knows the legal definition of a package holiday. One company which collapsed recently was told by the

Department of Trade and Industry that it was not a package holiday company, and did not have to comply with the directive, because it allowed customers to choose their own ferry crossings. As there were customers who had paid an inclusive price for their car, ferry crossing, villa and linen, the DTI's advice was difficult to understand.

There are three ways of ensuring you do not lose your money:

1) If you are travelling by air, ask for your operator's Air Travel Organiser's Licence (Atol). Then telephone the Civil Aviation Authority (071-832-5620) to check it is still in order. If an Atol holder collapses, the CAA will arrange your refund.

2) If you are travelling by road and sea, make sure your operator is a member of the Association of British Travel Agents (0891-202-520) or the Association of Independent Tour Operators (081-744-9280). It is important to check that the operator is a member. Having a travel agent who is an Atol member might not be enough.

3) Pay by credit card. Under the Consumer Credit Act, you could be entitled to your money back if the company collapses. If you have a charge card, debit card or gold card, check that you are protected.



Monasteries at Meteora: only in the last decade has the discovery of the Pindus' natural beauty by outsiders renewed its prospects once again

I AM all for progress. I am even soft-headed enough to believe in unified European economic development. At least, I was until a few weeks ago, when I drove northwards from Athens through the heart of mainland Greece. If this is progress, I decided somewhere between Thebes and Meteora, then we should give up on the idea altogether and let the Americans and Japanese get on with it.

I did not expect leafy Arcadian landscapes dotted with temples and statues. I was even willing to admit that the Greece written of by Patrick Leigh Fermor 40 years ago - a Greece of old and vibrant rural traditions - might have disappeared. Who are we, after all, in our demands for peasants on donkeys or picturesque poverty? More cultural voyeurism, tourists with more money than sensibility.

But I was not prepared for the wasteland each new vista opened up. In their rush to catch up with the rest of Europe, the Greeks seem to have left something of their Greekness, and their own sensibility, behind.

Could this be the same race that developed the architecture of harmonious proportions, the aesthetic of man at one with nature? As I drove along I found it difficult to believe.

Central Greece's towns were unrelievedly drab, an unbroken confusion of industrial hangars, squat apartment blocks, grubby motor repair shops and empty spaces strewn with rubble. Remarkable in their ugliness, villages of unsurfaced breeze-blocks and concrete-slab roofs lay scattered across the windshields. When the road came down again and the snow disappeared I was still in Greece, but not the same country I had left behind.

desperate phase of gimcrack construction. Despite the wild flowers and sunshine of spring, roadside landfill projects managed to turn parts of even the deepest countryside into a rubbish tip.

I felt depressed. After only 40 years of modern European development, the birthplace of western civilisation looks like a dump. I was tempted to turn around and, like the great majority of visitors here, head for the tourist enclaves of the Greek islands and coasts; at least the sea and sun and sand is predictable.

But I did not. In some distant corner of the mainland an older, more distinctive Greece, a Greece in touch not with its classical roots but simply its recent past, had to exist.

It does. At Kalambaka I turned west and began climbing the first of a series of switchbacks leading up 6,000ft to the Katara pass. The warm Easter weekend sun disappeared, as did cultivated fields, flowers, leafy trees and Thessaly's ghastly village clutter.

In a thick fog I climbed up past the dead yellow grass of early spring. Higher still, I ran into winter itself - snow blanketed the mountain's pine forests and at the top of the pass a cold wind whipped a new fall of snow sideways across the windshield. When the road came down again and the snow disappeared I was still in Greece, but not the same country I had left behind.

Wedged in between the Pindus mountain range and Albanian border, Epirus is the poorest, most isolated province in the nation. It has little to do with the popular image of Greece as a wine-soaked, sun-kissed land of hedonism.

With the most distinctive regional identity on the mainland, it is instead an area that draws its character and history from its ruggedness, from the peaks and valleys, rivers and gorges of the Pindus mountains themselves. The further one goes into the fastness of the Pindus, the more one forgets that Greece is rushing pell-mell and none too tidily into the 21st century.

Epirus's historic isolation from the rest of the country is reflected even in Ioannina, its busy capital. In the company of holidaying Epirians I spent an Easter Sunday morning on the shores of Lake Pamvotis, the tree- and café-lined lake that makes for such delightful strolls here.

But directly behind Pamvotis I could see the first steep, snow-covered folds of the Pindus rising skywards. In the late 18th century the protection offered by these peaks allowed Ali Pasha, the Albanian-born "Lion of Ioannina", to rebel against Greece's Turkish overlords and carve out an independent mountain fiefdom.

All Pasha may have been celebrated by Lord Byron, the champion of Greek independence, but he was an unsavoury character, as

harsh as the land he ruled. He discouraged opponents by breaking their bones with sledge-hammers in public executions. His omnivorous sexual appetite was notorious - when his son's mistress rejected his advances he had her and 17 companions bound together, weighted and thrown into Lake Pamvotis. Not even Lord Byron was safe. On meeting the poet, Ali Pasha took a particular fancy to him, and so it is reported, became obsessed with his

*In the remote Pindus Mountains, Nicholas Woodsworth finds a more beguiling, wilder Greece*

small and dainty ears.

Like many tyrants, though, Ali Pasha came to a sticky end. Not far from the Frouro, his walled and minaret-topped citadel on the shores of the lake, you can today visit an island monastery where he finally got his come-uppance. Trapped by Turkish assassins on an upper storey, he was shot in the underside from the room below. The ragged bullet holes are still in the monastery's wooden floorboards to prove it.

Epirus's essence, though, is to be found not in its towns, but high up in the valleys and villages of the

Pindus. Just half-an-hour north of Ioannina I found myself driving up rocky limestone defiles and over deep river gorges in country so rough and broken that even herds of goats seemed to find it tough going.

It is wild, surprisingly beautiful, and not wholly unpopulated. In the 46 villages of the Zagori, as this, the most attractive area of the Pindus is known, you will find some of the most impressive village architecture in all Greece.

I came into the village of Monodendri almost without seeing it. Like all the villages here, it is nearly invisible, a natural extension of the world that surrounds it. From top to bottom, from roof to lintel, floor tile to terrace wall, church tower to cobblestone pathway, Monodendri is built of the grey slate mountainside on which it sits.

Just getting into the village was difficult enough: it is enclosed by semi-fortified walls and laced by a labyrinth of narrow stone pathways that time and again failed to take me where I wanted to go. Once at my destination, a small inn in the upper village, I found it impossible to get a meal - the place was packed solid.

It was still months from the summer tourist season. Was Monodendri always as crowded, I asked Georgi, the young man who helps his parents run their small hotel. Not at all, he replied. This was a crowd of Greek city-dwellers who had returned for the holiday to visit

the few relatives and friends who remain faithful to the mountain way of life.

Later, when the family parties had thinned out, I sat down to a dinner of Easter lamb, a great chunk of ribs cut from an entire animal turning on a spit outside. Over a mountainously full plate I learned that people - not too many, but too few - have always been a problem in the Pindus.

Prosperous under Ali Pasha, Epirus in the 19th century became an unsettled border territory, disputed by Albania and relinquished by the Turks only in 1913. In Nazi-occupied Greece the mountain terrain of the Pindus provided an ideal base for Greek resistance fighters, as it did for communist partisans in the savage civil war that followed. In each case vicious reprisals by the authorities led to the abandonment of entire villages. Many villagers left to start new lives elsewhere, never to return to their harsh and unproductive land.

Only in the last decade has the discovery of the Pindus' natural beauty by outsiders renewed its prospects once again. Just yards from Monodendri's stone-coloured church begins a path that winds steeply downwards for more than an hour. At the bottom begins a spectacular trek through the Vikos Gorge, Greece's answer to the Grand Canyon.

Each summer the gorge attracts growing numbers of trekkers. Invigorated by sparkling mountain air

and brilliant sunshine, who would not be tempted? I was.

But at Easter, with snow-melt flooding the river on the gorge floor, I had to content myself with other, not-so-strutuous pleasures: giddy views over the gorge's sheer, 3000-ft walls; walks through high pastures beginning to bloom with spring flowers; picnics of feta, wine and fat olives by the side of clear green mountain streams; tramps through stone villages each as attractive as the last. It may not have been as exciting as the eight-hour walk through the gorge, but it was far more exciting than the prospect of the eight-hour drive out of the Pindus and back across the plains to that other Greece.

Nicholas Woodsworth flew to Greece with British Airways, which has a Eurobudget fare, London-Athens return, of £324 (20 per cent cancellation charge) and Pex fares starting at £278 return.

For those planning either trekking or touring holidays in Zagoria and the Pindus, a car is a great aid; public transportation between towns and mountain villages is rare. Also useful would be a smattering of basic Greek; although B & B-style accommodation is becoming widely available, few people in these valleys speak other languages.

There are dozens of wholly unspoiled walking routes in the Pindus range. Organised walks through the Vikos Gorge and elsewhere can be arranged through Robinson Travel, Oxford. Mercurias 10, Ioannina, tel: 0651-29-402.

Information about the Epirus can be obtained in the UK from the National Tourist Organisation of Greece, 195 Regent St, London SW1, tel: 071-734-5997.

and dancing to salsa and merengue. We had started the evening as total strangers; by the end, I had addresses and invitations to visit Brazil, Argentina and Chile, and had learnt a few new dance steps. As the chiva wove back through the warm, sleeping streets, night watchmen would rise and dance a few steps until we were out of earshot.

I took the last slip from my major problem with Colombia was its size. Ten days had not been enough. I knew I would return soon to visit more of this remarkable country.

**Nick Haslam**

Nick Haslam flew to Bogota c/o American Airlines. Generally, return flights, London-Bogota, start at £442, except in high summer when they are dearer. His holiday was organised by Passage to South America, 41 North End Road, London W14 8SZ (tel. 071-602 9889).

A two-week Colombian holiday - two cities, one beach resort, including internal flights, hotels and breakfast - would cost from around £1,000, says the company.

WITH A grunt of pain, the fair lay back on the bed of rusty nails. On his chest, four be-

sulted businessmen balanced precariously, with nervous smiles. It was lunchtime in the business district of Bogota, and the small crowd of secretaries and clerks applauded and dropped coins into the hat passed around by a ragged boy.

When the fair got stiffly to his feet, his back was livid with the impressions of nails; here and there, I could see a trickle of dried blood.

Colombia is always full of surprises. In Bogota, the morning rush hour resembles that of a prosperous city in northern Spain. Grey-suited workers walk purposefully to their offices among tower blocks in the downtown area. Yet, at midday, when the street corner magicians, fakirs and quack medicine peddlers set up shop, the mixture of Indian faces and dress quickly dispels any illusions of a European city.

Not far from the teeming commercial centre, tucked under one of the mountains that tower over Bogota, lies the Quinta de Bolivar. The lovely country house, with rooms

opening on to a verandah shaded with bougainvillea, was donated by grateful citizens to Simon Bolivar, who finally freed Latin America from the Spanish empire.

Renowned for his ability to cover miles on horseback over Colombia's tortuous terrain to harass the Spanish, Bolivar was known as Iron Arse by his admiring supporters. Within 15 years, he had routed the Imperial armies, and in 1820 created the Gran Colombia comprising Ecuador, Venezuela and Colombia. But internal rivalries ended Bolivar's dream, and the grand alliance fell apart a few years later. Bolivar died, broken-hearted, in 1830.

Travel anywhere in the country and it is easy to understand why he was held in such awe. At an altitude of 2,600 metres (8,615 ft), Bogota is one of the highest capitals in the world. Roads leading from the city wind over spectacular passes of the Cordillera Central.

I left early one morning in an

ancient and cosseted 1982 Chrysler. The driver, Antonio, a trim man in his late 60s, had shown me the engine of the car with pride before we set off. Highly polished, a crucifix presided over the spotless compartment where the six-cylinder motor ticked silently. "They made these cars too well," he said, proudly, flicking a cluster over the chrome manifold.

Our destination was the Monasterio de la Candelaria, an Augustinian seminary in the Andes. We climbed past labouring trucks crowded with Indians on their way to market, and then descended through the broad pastures of several rich haciendas to Villa de Leyva.

A pretty village of low whitewashed houses tiled in red, it was a favourite resting place for Bolivar to escape from the sombre climate and political intrigues of Bogota. With a balmy, year-round temperature of 18°C (65°F), it is still a popu-

lar weekend resort for wealthier Bogotanos.

The seminary lay tucked in the mountains, 90 minutes' drive across a semi-desert. The monks were at lunch, the only café closed, but Antonio provided refreshment. At the touch of a button, two tiny nozzles under the dashboard dispensed red wine or *aguardiente*, a local anisette made from coconut.

We sipped and waited for the bell to ring announcing that the monastery was open. Finally, a young monk gestured us through the large, arched gateway. The cloisters were lined with flowering vines; parrots and parakeets dozed on the branches of orange trees on the wide central patio. Small groups of seminarians chatted and laughed on their way back to class, passing under stern oil portraits of their predecessors.

We were shown the chapel, with an early and very bloody Christ on the cross, and then taken to a

museum where the bizarre artifacts ranged from Indian arrows from the Amazon to the first jukebox to play in the high Cordillera. As we left, our guide told us he would soon be leaving the mountain calm of the seminary for one of the toughest slums of Bogota.

Five hundred miles to the north of the capital, and in complete contrast to the arid plateau of the Central Cordillera, lies Cartagena, on the country's Caribbean coast. For 300 years, it was the only port for the entire continent, and the walled city was fortified heavily after repeated raids by the English in the 16th century.

Still ringed with high, buttressed defences, the narrow streets offer tantalising glimpses of cool patios with fountains playing. Churches and green plazas give way to unexpected vistas of the sea through gates in the city walls.

The Cartagenos are a cheerful and colourful people, mixed descen-

dants of the Spanish, local Indians and African slaves. Their friendliness and the relaxed atmosphere of the town make it a popular holiday destination for Colombians from other major cities, particularly Medellin, where the police clamp-down on the drug cartel has put the town under virtual curfew.

During lunch at a beach-side restaurant, the thud of a distant explosion sent a frisson of concern through the diners and I heard the phrase "car bomb." But a waiter reported that a transformer had short-circuited on a nearby electricity pylon.

That night, my last in Colombia, I took a chiva tour from my hotel. The chiva, an open single-deck bus, was packed with Latin American tourists. At the back, three musicians played *musica campesina*, the forerunner of salsa, at high volume on a trumpet, accordion and drum.

Until 3 am, we toured the night-clubs of Cartagena, drinking rum

From page 1

habitants rarely call it that. For more than a decade, Hanoi's attempts to re-make the city's substance and spirit in a socialist mould rarely were successful. Since 1990, with Vietnam's gradual readmission of market economies and an open-door investment policy, Saigon has become a place that hums and throbs ceaselessly with entrepreneurial energy.

A few blocks up from the Dong Khoi hotel on Le Loi Boulevard, both the French colonial past and the American war seem only a distant dream. Even from the seat of a slow-

cruising bicycle, you can feel the impetus that has turned Saigon into Vietnam's leading force for social and economic change and the busiest, most productive city in the nation.

At the entrance of the newly-renovated Continental Hotel, once headquarters for generations of war reporters, I watched European, Australian and even occasional prospecting US businessmen dash through the heat from meetings to their air-conditioned rooms. In front of the busy Ben Thanh market, young Vietnamese men roared by on shiny new Japanese motorbikes, the fruit of labour in one of the city's sprawling facto-

ries, textile mills or middle-tech assembly plants. A little more sedately, but much more fashionably, legions of young Saigonese women scudded by on scooters, fitted out elegantly in over-sized sunglasses, bright dresses, and colour coordinated driving gloves that stretched to their elbows.

Cycling down by the docks on the Saigon river, where the fictional Fowler watched US warplanes being unloaded, I saw container ships from Piraeus, Panama and Yoko-

hama unloading their own less-destructive cargoes of foreign factory equipment, cars, television sets. It will not be long before Saigon is making some of these things itself.

Peddalling about late at night, I watched crowds of laughing Vietnamese emerge from some of the scores of city bars and dance clubs that have opened recently. By the standards of the recent past, even the names of these places are shocking: "Apocalypse Now", "Good Morning Vietnam",

"B4-75." In their dress, their behaviour, their evident enjoyment of life, these Vietnamese on an evening out could be British, French, German or - dare one say it - young Americans.

There are many travellers in south-east Asia, self-perceived purists of oriental culture who, arriving in Saigon, look somewhat disdainfully on the city. You must go to Hue, or Hanoi, or into the villages, they say; Saigon is not the real Vietnam: it is a fickle, cheap, neon city,

the tart of Indochina, tainted by decades of contact with western values and western commercialism.

I disagree. Saigon is the entrepreneurial city it has always been. Unlike the North Vietnamese, its inhabitants are a commercial people with an eye always on the main chance.

This same materialistic vitality also gives them a *joie-de-vivre*: a sensuous pleasure in colour, movement, noise, food, conversation and company.

Saigon's psyche is southern, and as different from that of Hanoi as Brussels is from Marseilles. Compared with much of south-east Asia it is still an old-fashioned, bicycle-ridden city, but is a place that roars and swirls with life. It is a place unlikely to remain old-fashioned for long.

□ □ □

AFTER THREE days of cycling, I finally found the ochre-coloured French colonial house for which I was looking. It had changed little. Behind its high wall, the semi-circular architecture, portal-shaped windows and high-columned verandas

were just as I remembered them.

In the end, though, the Saigonese villa of my childhood failed to come alive - it remained as static and dreamlike as it was in my memory. Perhaps it is true that there is no going back. Saigon has been through so much since, and seems embarked so determinedly on yet one more stage in its turbid history, that the house is a wall-off piece of history.

What fills my imagination now are other, equally vivid images collected while looking for a past - those of an energetic, restless Saigon looking for a future.

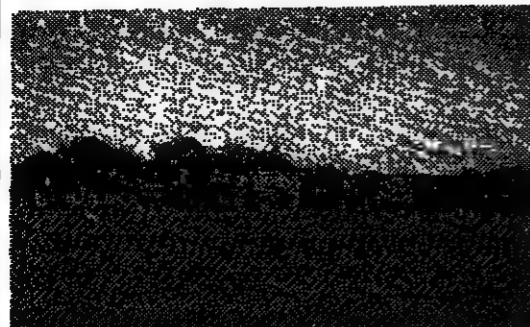
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## PROPERTY / EASTERN EUROPE

## Pitfalls that await the unwary

**Y**OU WORK for one of the companies spreading out to take advantage of the opportunities opening up across eastern Europe. Where might you be sent and what sort of living conditions would you have?

Pauline Sheerman, head of the Confederation of British Industry's eastern Europe department, says you would probably go to Poland, Hungary, the Czech republic, Russia or Romania. What happens then depends on the company.

A large group might rent a whole building, using part for offices and the rest as accommodation. But even major companies have to test the water first and send out a few staff with the pioneering spirit. After the initial spell in a hotel, their experiences can be varied. Rented flats may be scarce, or simply hard to find in places where letting agents are not part of the scene. Local office staff may have to fulfil that role.

Beware of renting something that could be the subject of a restitution claim. "Unfurnished" can mean no lights, carpets or kitchen units.

Often, telephones can take months to be connected. There are many pitfalls for the unwary.

Ion Florescu and Marek Scidor-Rylski are co-authors of *Making a Success of Joint Ventures in Eastern Europe*, a CBI book just published. Florescu, who is Anglo-Romanian, is general manager of a London-based company and visits Romania each month.

He warns that accommodation for people going there to work is "very basic", as a result, many foreigners live permanently in hotels. While there are some agents in Bucharest, generally you have to rent privately from local people, who might sublet a flat in a house. It is difficult to find a modern, well-kept apartment.

Florescu says: "For a shabby, two-room apartment in the centre of Bucharest, you will pay £500 a month, with rent three to six months in advance. You will probably need to employ someone to re-

decorate before you move in, and you have no security over the accommodation."

Scidor-Rylski is Anglo-Polish. He is with a Canadian-quoted company investing in eastern Europe and spends half his time in Poland. He says: "Everybody can and does own property there. There are plenty of apartments." A small flat in a tall building - functional but austere - should cost £300-£500 a month.

The problem is lack of offices, not flats, although some hotels will arrange for you to use an office on another floor, or adjacent to your room. But the worst thing about living in Warsaw is car theft. "Take a good immobiliser," he advises.

Some new arrivals in eastern Europe have had a few problems. Nick Gera works in Sofia, Bulgaria, for London-based chartered accountant Touche Ross. He rents a five-bedroom, semi-detached house with garage "and over-run garden" in a

village six miles out of the city for £840 a month and lives there by himself.

Gera found it through a contact when he went earlier to Sofia to work on a temporary project. He

*So you're moving to eastern Europe. Audrey Powell looks at the problems of finding a home*

advises anyone who can go there before moving - for a holiday, perhaps - so they can look for accommodation at leisure.

Finding it is not difficult. Gera says, because plenty of people in Sofia have built houses in surrounding villages to let to foreigners.

While they often seek ambitious rents, he knows of deals agreed at a third of the asking figure.

Do not sign the first contract offered, Gera advises, and watch out for any "nasty" clauses. Get the lease fixed for as long as possible - a request for renewal will result in a demand for increased rent.

William Touche, senior manager of Touche Ross and a great-grandson of the firm's founder, has just returned to London after 2½ years in Moscow (Touche Ross has about a dozen offices in eastern Europe). At first, he lived in a hotel with his wife and baby. "With all the property state-owned, it was extremely difficult to find anyone to let apartments," he says.

Ingenuity was called for. Of the limited options, an apartment in a leafy boulevard in central Moscow appealed. Unfortunately, it already had tenants: a psychiatrist, her mother, child and divorced hus-

band. She was anxious for him to go so Touche paid seven months' advance rent; this allowed the man to get a co-operative flat elsewhere. With the aid of brokers, a smaller flat was found for the psychiatrist and her family.

The firm paid the rent for this, plus £700 a month for the boulevard apartment with its four rooms and parquet floors, and Touche moved in. When he left Moscow in April, his replacement took it over.

Finding accommodation in Moscow became easier, and renting it much cheaper, after the coup in 1991, he says. Now, there are more brokers who will fix up deals. At first, they stuck notices in phone booths; today, they advertise in English-language newspapers.

Although there are a number of relocation companies in Britain, few can help over moves to eastern Europe. But one that does is Hamptons Relocation in Swindon, Wil-

shire (tel. 0793-619 555). Quoting from its comprehensive information sheets: "Prague is becoming busy with Americans and Japanese. This has led to a dramatic increase in rental prices."

It gives the average monthly rental for a three-bedroom furnished property there as £1,835, and £1,282-£565 for a similar-sized property in Warsaw. Hamptons adds: "In Budapest, Hungary, apartments are generally rather small, with few in the three- to four-bedroom category. But there is a fair amount available..."

The agency likes to meet clients, with their families, at their UK homes to take details of their requirements, says international relocation manager Anita Saunders. It will tell them what they can expect in the area sought, and its representative there will inspect suitable properties and show clients a selection. It also handles negotiations and rental terms.

"Just give us the moving date," adds Saunders, "and the property should be ready." Fee: £2,250.

\**Insight International, £50, 110 pages.*

## Prague: no place for the short-term view

Buying in Europe's most scenic city needs care but prices look certain to fall, says Gerald Cadogan

**P**RAQUE property prices soared after the release from communism. Now, the signs are that they will stabilise at lower levels as the Czech Republic adjusts to becoming a market economy. There is also the matter of producing a reliable legal framework for transferring real estate. So, at this difficult stage, take your time if you want to buy a flat or house in one of Europe's most scenic cities.

Look around and talk to as many Czechs as you can. Then, buy not for the short term but on a medium to long view - there will be no quick return on your money at west European rates.

It helps if you are either Czech, have a Czech parent or live permanently there already. If you do not qualify on any of those grounds, the first essential is to set up a joint venture company (although this need not, in fact, be joint - you can provide all the capital). This leads to a long-stay residence per-

mit which, after eight years, qualifies you for permanent residence.

So says Nicholas Kirke, of Agents Kirke, who has written two useful pamphlets: *The Prague Property Market* and *Buying Apartments in Prague*. He adds that the initial capital required can be as low as Kč100,000 (£2,300).

To save money, go directly to a Czech lawyer (he will charge less than a British one - who would have to use a Czech attorney in the end, anyway). One special problem is restitution - the return to its owners, or their heirs, of property confiscated after the communists took over in 1948. Care is needed to ensure titles are clear.

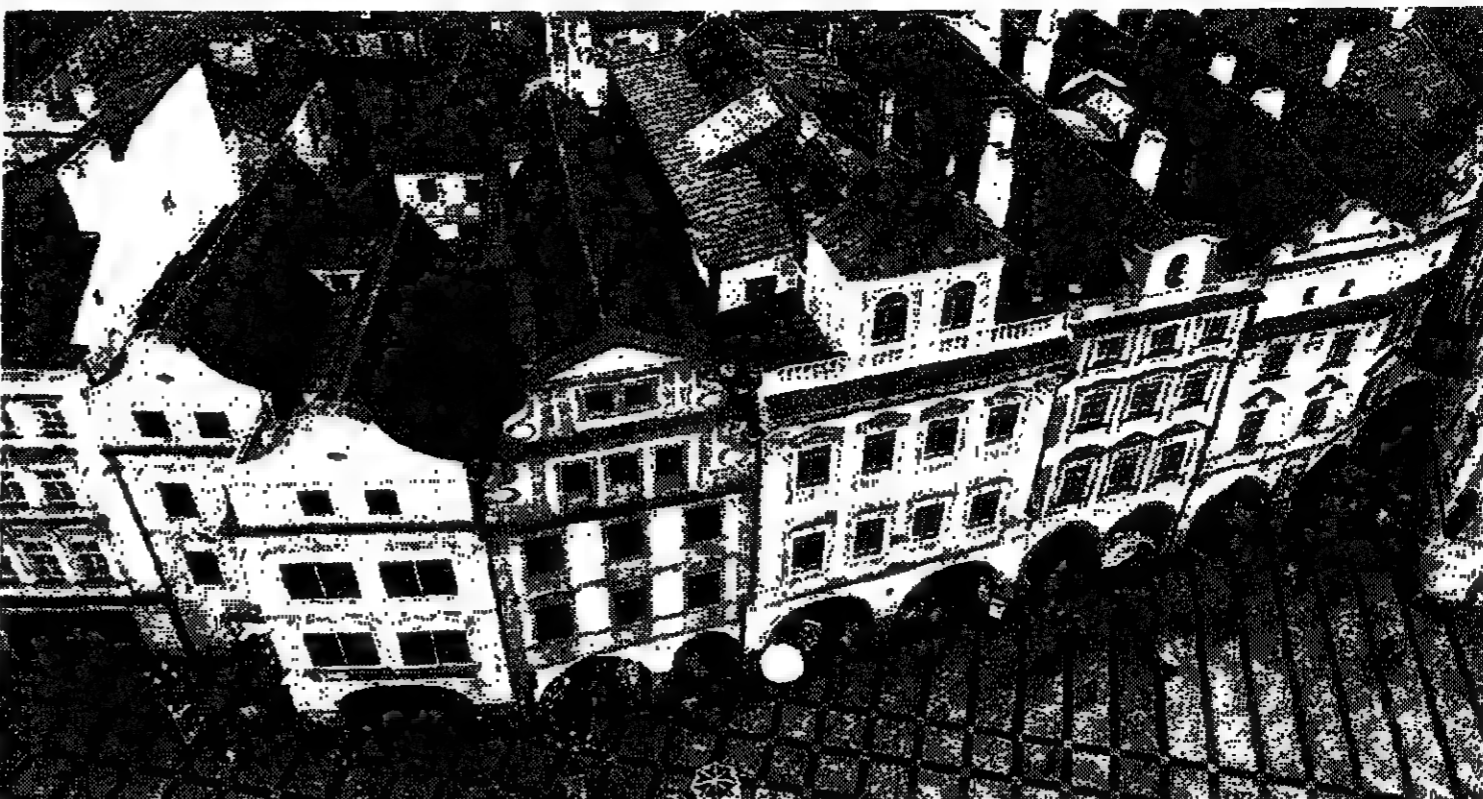
So, where to buy? The Old Town (or Mala Strana), the charming old settlement across the Charles Bridge, will appeal instantly but properties are very difficult to find. You might get lucky if you are willing to take on a house with sitting tenants and help them to move elsewhere. That would take time,

but you would not necessarily have to pay money to empty the flats.

House bought, you would be able to renovate the flats and charge more rent than the average £12 a month a Czech pays for a two-room apartment (which includes a 100 per cent rise last July). But be prepared for hassles with the builders - and to find that a glorious, newly-painted baroque facade has hidden rot behind it.

Kirke says vendors do not know what to ask and prices are tricky. He feels the situation in central Prague will ease when vendors stop selling occupied houses as if they were empty. At present, you could face a demand for £1m for such a house on the island beneath the Charles Bridge.

There are two government valuations on property, although these are of limited help to foreigners in assessing the price. One is for local taxes; weighted in favour of newer houses, it could be far below the market value in the Old Town.



Prague's Old Town... instant appeal but properties can be very hard to find

The other is for a special tax on sales to foreigners (the law says the vendor must pay this but buyers usually end up footing the bill). It is a theoretical valuation based on what the property might fetch in

other European capitals. As the tax ranges from 4 per cent of this value to 11.378 per cent, it can be an expensive extra.

An alternative is to live 10 minutes away from the city centre in a well-built 1920s or 1930s apartment block.

Kirke suggests you could buy the whole building for between £50,000 and £100,000, use the cheap and easy public transport, and rent out what you do not need for yourself.

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# Monuments to deception

*E.H. Gombrich enjoys a book that questions the historical evidence we place in past images and buildings*

FEW READERS contemplating this well-produced tome with about 500 pages of heavily footnoted text and 262 varied illustrations are likely to suspect that beneath its academic surface it carries an explosive charge. For the author is out to challenge a conviction of which he methodically traces the origins and the vicissitudes, the conviction dear to many art historians, that visual evidence surviving from the past in the form of monuments and images must be accorded equal status to written testimonials presented in chronicles, charters or archival documents.

It is well known that, in this country at least, this opinion gained ground very slowly. Shortly before the Chair of Art History was established at Oxford University which is held by Francis Haskell with such distinction, I attended a meeting at that University in its temporary role as Slade Professor of Fine Art at which historians were asked whether they would favour such an innovation. Most of them were dis-

**HISTORY AND ITS IMAGES: ART AND THE INTERPRETATION OF THE PAST**

by Francis Haskell

Yale £39.95, 336 pages

tinctly lukewarm. One of them suggested that military architecture – the fortifications of medieval castles – might present a welcome addition to the history syllabus, but most of them considered the cultivation of art history the job of museum curators and collectors who, of course, counted outstanding specialists among their ranks. It is true that John Ruskin in *The Stones of Venice* had undertaken long ago to link the rise and fall of the city with the history of its architecture, but this flawed work of genius (splendidly analysed here by Haskell) hardly commended such an approach to hard-headed historians.

It may indeed be argued that it was only the arrival from the continent of art historians nurtured in a different tradition that ultimately breached the fortress of higher education. However much these new arrivals may have differed in their methods, most of them were agreed (to use Professor Haskell's words) that "the principle figurative art could provide some direct insight into the past."

The chapter of the book from which this formulation is taken is headed "The Deceptive Evidence of Art". It might have served as a title of the whole book. But anyone familiar with the author's previous publications will hardly go wrong if he locates its germ-cell in the preceding chapter on "The Historical Significance of Style", more precisely in the pages devoted to Hippolyte Taine's interpretation of Jesuit church interiors as a deliberate effort to dazzle and convert the populace with "all the sweetest of pious confectionery". Haskell comments tersely that "modern scholars... have invalidated the notion of a politically motivated Jesuit art". He does not say that quite

early in his career he was one of those "modern scholars"; indeed, his seminal book of 30 years ago on *Patrons and Painters* which contains much of the evidence is even absent from his bibliography.

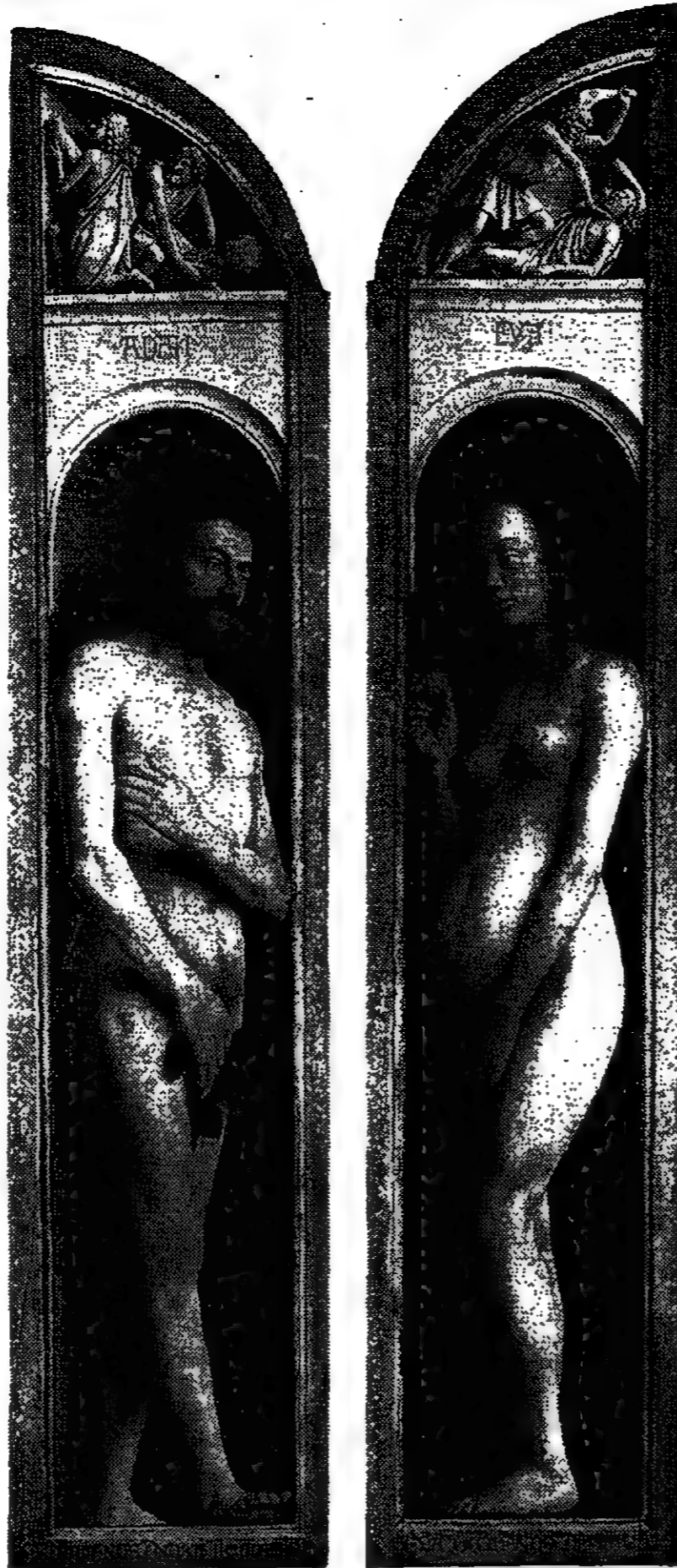
We may well surmise that Haskell branched out from this base, ingesting the validity of similar conclusions in the centuries before and after Hippolyte Taine. We are reminded in a series of 16 brilliant chapters how, long before art history existed as a branch of learning, numismatics had claimed a similar special relationship to history, as did the budding discipline of antiquarian studies represented by such towering figures as Montfaucon. And on to Winckelmann and such pioneers of cultural history as William Roscoe, the biographer of Lorenzo de Medici.

He devotes memorable chapters to Alexandre Lenoir's *Musée des Monuments Français*, to Michellet and Jacob Burckhardt, to historians of popular imagery and caricature, notably Champfleury and those visionaries of our own century who even wanted to interpret artistic movements as prophecies of things to come. Haskell concludes his survey surprisingly but convincingly with an account of the great Dutch historian Jan Huizinga, whom he enlists as an ally, since he too was inclined to question the evidential value of the arts which meant so much to him.

Let no one fear, however, that in these packed pages he will encounter indigestible lists of names and dates. Everywhere the author exerts in his well-proven gift of vividly describing the protagonists of his story as if he had been personally acquainted with them. No-one reading the beautiful last chapter is likely to forget the picture of Courajod, who "would sit at a green baize table onto which he would sling his sets of photographs as if they were exhibits in some important trial. The oil lamp was so placed that his face remained in darkness and only his hands were brightly lit." Or his descriptions of James Weale, an Englishman who is familiar to most of us only as a name in the bibliography of early Flemish painting, as "a lean, tall figure with wide yet stooping shoulders, clad in a grey coat of unfashionable cut, moving with shambling gait on out-turned feet; a full grey beard; and shortsighted eyes peering through spectacles from beneath the widest brim imaginable of a black felt hat."

Here, as in his earlier books, the author puts his conviction to the test "that to try to follow the emotions and reasoning of particular historians looking at specific works of art offers by far the most rewarding way of coming to terms even with the most abstract ideas that are discussed in this book". Indeed, he quotes the Comte de Caylus, the great antiquarian, for the opinion that "the antiquarian should shun every kind of system: I look upon them as an illness of the spirit."

Is it unfair to suspect that Haskell has a good deal of sympathy for this opinion? This might explain the puzzling fact that he all but passes over the highly influential "system" of G B Vico with which he is of course fully



Adam and Eve, an altarpiece in the cathedral of St. Bavo, Ghent by Jan Van Eyck: one of the many illustrations in Francis Haskell's important book

familiar but which he leaves on one side on the grounds that Vico "was not interested in art". True, but it was Vico whose New Science replaced the story of individuals by the study of collectives, postulating a law of evolution leading civilisation from primitive stages to the dominance of human reason.

Admittedly, it was mainly law and poetry that had to serve him as evidence, but it was soon apparent that the visual arts also fitted snugly into this system. When Vasari or others had described the evolution of art in terms of organic growth and decay they considered the arts in isolation. Now this growth could be seen as yet another symptom of the evolution of mankind. There are traces of this

conception in Winckelmann but the varying forms of evolutionism that dominated historiography in the 19th century made it hard to resist the conclusion that "primitive" styles of art that shared certain characteristics with the art of children betokened the primitive mentality of the "childhood of mankind."

Most of the historians considered by Haskell subscribed to this dubious "system." It may well be argued that not before this fatal link between the theory of evolution and the study of human history is finally broken will it be possible to separate the legitimate use of visual evidence from those beguiling fantasies with which the author has so heroically wrestled in this important book.

# Armistice turned into nightmare

ALL TOO infrequently a military history is published that, conforming to the highest standards of scholarship, comprehensively rewrites a known passage of warfare. Richard Lamb's *War in Italy* is unquestionably such a book.

There is nothing that compares with it in English, and very little in Italian. National pride and national embarrassment have inhibited due scrupulousness in the latter language. There are any number of partisan memoirs, but these address only one strand in the story. And, as the author argues, the partisan war was itself a blemished enterprise.

Lamb takes as his starting point the September 8 armistice. With its army beaten in Africa and the Allies poised to launch an invasion of its mainland, Italy had already experienced disaster as a consequence of Mussolini's rule and his alliance with Hitler. But the armistice turned disaster into nightmare.

Following Field Marshal Messe's surrender at Tunis on May 7 1943, King Victor Emmanuel III ordered Mussolini's arrest on July 25, replacing him with Badoglio, another Field-Marshal. Badoglio then sued, as best he could, for peace with the British and Americans. The Allies, distrusting yesterday's enemy, insisted on unconditional surrender as the necessary precondition to any pact against the Germans. Tragically, no proper plans were made to use surviving native forces to expel German divisions from Italy. Kesselring was given breathing space, which he used adroitly to secure Rome and make the Reich's southern flank as difficult to overcome as possible.

This was an enormous setback for Field Marshal Alexander, but it was an even greater setback for the Italian nation. After 40 days in power Badoglio had to vacate the capital. He, the King and a skeleton government removed to Brindisi. Amid the confusion Mussolini was allowed to escape. With German connivance, a new republic was established at Salò in the North, plunging Italy into civil war.

One of several myths Richard Lamb debunks is the timidity of the Italian soldier. Many Italians would happily have died for their country. The problem was in knowing against whom they should die. Soon there were two armies of occupation – the Allies as well as the Germans. It was the political failures of 1943 that corroded the vigour and integ-

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**WAR IN ITALY 1943-1945: A BRUTAL STORY**

by Richard Lamb

John Murray £19.99, 336 pages

What lessons can be learned? The first and overwhelming is the most familiar: human nastiness. The second is: beware making war with one's ideological friends. The third: beware even more of abandoning them halfway through.

Richard Lamb restitches every thread. One of many ghosts he lays is the alleged quiescence of Pope Pius XII. More than anyone Pius grasped the futility of protest against the Nazis. Instead he wisely kept his head below the parapet, in which position he clandestinely succoured not only many ethnic Italians, but not a few Jews as well.

The strength of *War in Italy* is its familiarity with many hitherto unexploited sources; and its judiciousness in handling them. That said, it should be pointed out that Lamb's survey is not a popular account of events. Each chapter is a study of a particular aspect of his subject. But no-one with a serious interest either in Italy's War or contemporary Italian society can afford to ignore it.

Justin Wintle

# Evacuee goes west

ALISTAIR Horne was bundled from Britain to America in July 1940, aged 14, one of thousands of schoolchildren evacuated to America in the early part of the war before the threat from U-boats made the crossing too dangerous and the evacuations were halted. Now an accomplished historian and the author of the recent biography of Harold Macmillan, he evokes in marvellous detail the perils and pleasures of growing up in America, not least his release from an English boarding school education made unbearable by snobbery and bullying, and his welcome into the warm and unaffected environment of a Bostonian family clan.

What his American family found when they unwrapped their bundle was not exactly lovable. "I was a jangle of complex and inhibitions, with the instinctive snarl of the mongrel waiting to be kicked, without a shred of self-confidence or dignity." For that, perhaps, partly blame the death of his mother, Auriol, when he was five and a single childhood spent with a succession of governesses, one of whom he later seduced when she visited him at Cambridge ("She had an engaging way of saying at the appropriate moment, 'Was that nice?' – much as I remember her enquiring after I had gobbled up one of Cook's puddings").

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One of the charms of Horne's book is the vignettes he provides of vanished worlds, helped by the fact that his mother wrote everything down and threw nothing away, even her dance cards.

Born into the Scottish aristocracy, she became a pioneering woman journalist and a star of 1920s high-life, following the example of her aunt Maggie, a legendary Edwardian hostess, who had married into the Grevilles and kept court at Pooleston Lacey. Marriage to James Horne, 18 years

**A BUNDLE FROM BRITAIN**  
by Alistair Horne  
Macmillan £17.99, 333 pages

her senior and the possessor of a small fortune acquired in India, was not a success. Horne's father retreated to the Oriental Club, and his mother's social world whirled faster until she died in a car accident.

When he was not being bullied, Horne junior seems to have spent most of his school-days trying to build incendiary devices from chemistry sets in the school shed at Ludgrove, where the Royal princes William and Harry are presently schooled. Horne thinks it must have improved it, needed to: "To me, in its humble, snobbish and rampant, unchecked bullying, it came to represent

everything that, all through the rest of my life, I most disliked about England." Thrown into a large, exuberant American family, his first response to sharing a tiny twin-bedded attic with the eldest son is to ask, "But where's my sitting room?" Gregariousness soon knocks the edges off this awkward young English boy abroad, even as he anxiously listens to the news bulletins from England. And as America inched towards involvement on the Allies' side, Horne paints a vivid picture of the arguments between isolationists and interventionists being played out in the classroom and on the tennis courts of Martha's Vineyard.

Volunteering for the RAF, via Canada, Horne finally returns to England, to find that the family seat has been sold and that conditions are far worse than his heroically phlegmatic father ever let on. Father and son enjoy an all too brief rapprochement; only a few months later his father falls and fractures his skull while walking home from the Oriental Club in the black-out.

For all such sadnesses, though, this is an exuberant book, which describes, with honesty and humanity, a childhood played out against the backdrop of some of the most momentous history of this century.

Mark Archer

# Intelligence on Bond's creator

IN 1966 John Pearson wrote a good biography of Ian Fleming, who had died, only 56, two years before. Its weakness was that it became extremely sketchy about the last years, so much so that many readers must have guessed that Pearson had run into problems, presumably with the widow, Ann, formerly Lady Rothermere.

This book, which is no way a serious biography and scarcely a "reappraisal" as claimed but a series of observations on Fleming's interesting life, is free of that inhibition. Donald McCormick, aka Richard Deacon, is a former journalist colleague of Fleming and an frequent author in the spy stakes.

He was one of Fleming's stringers after the war and writes about him with affection.

Not surprisingly, McCormick confirms that the Ian/Ann marriage had been difficult for years. He did not enjoy her social life and she was contemptuous of his creation of James Bond; their lives had moved apart and his final years did not sound happy. The interest is in the way various items missing from Pearson which may one day figure in another biography. The emphasis lies on the war years with Naval Intelligence.

For example, there was a Polish woman friend called Christine Granville, a brave and distinguished Second War

**17F: THE LIFE OF IAN FLEMING**  
by Donald McCormick  
Peter Owen £18.50, 232 pages

spy, later murdered, who may have been "Vesper Lynd" in *Casino Royale*. There was also an important German woman friend called Vanessa Hoffman with a mysterious role inside Nazi Germany who seems to have vanished without trace.

Similarly, we did not know that in the war Fleming was once involved with Aleister Crowley in astrological and occult ceremonies which eventually may have influenced Rudolf Hess's flight to Scotland. More, please.

It also seems to be suggested that Fleming's establishment of the "Mercury" news service for the Kenesley papers in the 1940s, in particular for the *Sunday Times*, had links with British Intelligence: in view of the

stick the Observer was later to take for his hiring of Philby, the subject has more than curiosity value.

We could do with another life of Fleming, not because he invented James Bond but because he was an interesting Establishment figure. The fact that Bond became a bore – as his creator understood better than anyone – does not deny that.

J.D.F. Jones

IF ALL the people in the world were boiled down into a soup, Steve Jones tells us, they would just about fill Lake Windermere. The interesting thing is that the genetic diversity discernible in such a soup would be very small: all humans are closely related because their evolution is such a recent event.

Seen through the lens of genetic science, humankind's nature and history appear fascinating, extraordinary, and sometimes terrifying. The lens is focused for us by Steve Jones, Professor of Genetics at University College London. He demonstrated his remarkable gifts as a communicator in the Reith Lectures of 1991, from which this book stems. In literate and highly readable style he explains genetics and uses it to take us on a tour of human existence.

One of Jones's aims is to rescue genetics from its doubtful past, when Nazis and others sought to pervert it into eugenics. A second aim is to suggest what can and cannot be expected from genetics, especially in its medical applications. But

his chief aim is to demonstrate genetics in action as an instrument of self-knowledge, revealing "an extraordinary picture of what we are, what we were, and what we may become."

Jones works at University College's Galton Laboratory, named after the eccentric polymath Francis Galton, whose interests were amazingly diverse: they included an attempt to measure the size of African women's buttocks from a distance by means of "a sextant and the principles of surveying". Galton was the first theorist of human eugenics, whose aim, he announced, was "to check the birth rate of the Unfit and to improve the race by furthering the productivity of the fit." His ideas, together with those of Charles Darwin, had a powerful effect on the 19th and 20th centuries, with appalling consequences as we too well know. But the science of genetics, Jones says, despite having the shadow of eugenics still lying across it,

has at last come of age.

Genetics is the investigation of how individuals inherit physical and behavioural traits from their ancestors. Central to this enquiry is the concept of the gene, the basic unit of heredity. A gene is a packet of chemical information consist-

**THE LANGUAGE OF THE GENES**  
by Steve Jones  
HarperCollins £16.99, 251 pages

ing of DNA. The collection of all such packets in an individual is called his "genome": the data it contains is equivalent in amount to a billion-page telephone directory. Geneticists are close to being able to "read" the entire genome, and when they can they will not only know which ancestors gave us our coloration, height and other characteristics, but they will be able to tell us something of our fate also (for

example, what diseases we are prone to suffer).

Jones shows that genetics has already taught us much. After explaining the nature and functioning of genes, and how our genetic past lingers in our present, he takes us through an unfolding series of topics, a chapter on each. They include human evolutionary history; the development of language, agriculture and urbanisation; the effects of disease; the question of race; the promise and danger of genetic engineering; and the genetic prospects for humanity's future. Each is utterly absorbing.

Take the problem of disease, the "unrelenting enemy" as Jones calls it. It is one of the most potent agents for genetic change. Plagues come – the Black Death, AIDS – and go when immunity develops; but sometimes at a high cost, as with sickle-cell anaemia, prevalent among Africans whose red blood cells mutated to resist

malaria. Some diseases had to wait until populations grew sufficiently large; measles, for example, needs a base of half a million people to survive. New strains of some diseases periodically migrate to humans from animals; novel strains of Asiatic flu start with ducks on Chinese farms and reach people via pigs every few years.

One surprising lesson Jones teaches is that the evolution of agriculture seems to have been, at best, a mixed blessing. Before it happened people had a much more diverse diet and lived in healthier places. With agriculture came private property and taxes. Hunter-gatherers have it easier than farmers and urbanites; bushmen spend only 15 hours a week getting sustenance for their families, much less than half the time spent by agricultural and industrial workers. God's remark to Adam about eating his bread in the sweat of his brow seems prescient.

Jones presents a useful ser-

vise in demolishing myths about race. Humans share 98 per cent of their genes with their closest ape relatives. But all humans are genetically closer to one another than are, for example, orangutans living on neighbouring islands. Human differences in eye shape, hair type and skin pigmentation are strictly superficial. "I have always felt a certain compassion," Jones drily remarks, "for those whose ability to despise their fellow men is limited by the colour of their victim's skin."

But it is humanity's newly-acquired control over its genetic destiny which makes us mistrust the future. Scientists dislike prognostication, but Jones bravely asks: how will our genetic destiny be affected by our increased knowledge, our younger reproductive ages, our dramatically increased "outbreeding" or population mixing, our ageing populations, our pollution problems, and much besides? As you would expect, his answers are both fascinating and startling.

A.C. Grayling

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## BOOKS AND ARTS

Fiction/Alannah Hopkin  
**A Mexican masterpiece**

**T**O MAKE Mexican hot chocolate properly the water must be on the verge of boiling over, a state that Tita, the heroine of this extraordinary novel, all too often finds herself in. She is the youngest daughter of a prosperous ranching family on the Mexican side of the border during the Revolution.

There was a popular literary tradition in 19th century Mexico summed up by one authority as "novels of customs, crimes and horrors" which were sold in monthly instalments.

Laura Esquivel has cleverly married this predominantly masculine phenomenon with its feminine counterpart, the woman's magazine, to produce in *Like Water For Hot Chocolate* a novel in monthly instalments with Recipes, Romances and Home Remedies.

Where a more conventional writer would concentrate on the exploits of Pancho Villa's men, here their activities are

machine gunned by Stukas and they are rescued by a "yokel" in a cart and taken to his family's farm somewhere in the Beane - "Cromagnon territory" as Diane, the older woman calls it on first sight.

There is plenty of comedy in the encounter between the peasant family and their uninvited guests: a middle-aged homosexual diplomat, Loic Lhermitte, a busy society woman, Diane, 27-year-old Luce, whose husband is waiting in Lisbon, and the gigolo Bruno, but it is not entirely predictable.

Because the yokel, Maurice, has been injured in their rescue Loic agrees to help his widowed mother to get the harvest in, partly because he discovers that he loves driving the combine harvester.

Bruno goes off on foot in a sulk and collapses with sunstroke only to be woken by an amorous (male) half-wit. Luce and Maurice take a tumble in the hay, and Diane, who has never even seen a raw courgette, strikes up a genuine friendship with the earthy widow, Arlette.

Much of the humour lies in the incongruity of it all. Luce and Diane wandering around the filthy farm in their beach pyjamas, Diane arranging the placement of the harvest lunch as Arlette kills the chickens.

There is also some very funny dialogue, chiefly between Diane and Loic, who have the maturity to see that they cannot actually learn something from their hosts.

There is something very different about French social comedy - the dryness of the wit, perhaps - which makes this highly enjoyable in spite of an uncomplicated translation.

Dominick Dunne is presented as "America's foremost chronicler of society life". Like the narrator of *A Season in Purgatory*, Harrison Burns, he has a special interest in failures of justice.

Harrison Burns was a school friend of Constant Bradley, the brightest hope of a fabulously wealthy and powerful Irish Catholic family. Constant is destined for the White House, and nothing is going to stand in his way, not even his unfortunate tendency to beat up women.

Harrison has not seen Constant for nearly 20 years, since he helped to conceal Constant's responsibility for the death of a 25-year-old girl, bludgeoned by a baseball bat. A series of new encounters with the Bradleys convinces him that he can no longer keep silent, and Constant is finally charged with the murder.

Dunne writes intelligently, and organises his material superbly. His details of life at the top are absolutely spot on, but I was not convinced that he has really got hold of what his kind call the down-side. There is, for example, nothing in his story even half way as shocking as the real events of Chappaquiddick.

There is good rustic cuisine of a more familiar sort in Françoise Sagan's *Evasion*, a spirited piece of wartime nostalgia published in France in 1991 as *Les Fous-Fuyants*. Four Parisian socialites are trying to reach Lisbon and thence New York in June 1940.

Their Chenard-Walcker is



Vanessa Redgrave as Lynn Forster: scope for her talent for playing strong, wronged women

**Redgrave's return**

**A**FTER 15 years' absence, Vanessa Redgrave returns to the Royal Exchange Theatre, Manchester, in *Maybe*, a play about the McCarthy trials in America during the 1950s. It makes sporadically good drama, although the play has still to find its focus.

*Maybe* tells two entwined stories of 1950s left-wing America. First of James (John Bennett), a third generation immigrant academic writing a biography about his film-director father Alan (also John Bennett). Second of Barbara (Margaret Robertson), a Polish émigré who reveals the past by telling of her friendship with him. Between them, his lover Lynn (Vanessa Redgrave), daughter of a natural friend to Barbara and Alan, mediates past and present by acting out the memories of her mother, Patricia (also Vanessa Redgrave).

This complicated situation appears clear enough on stage, with clever cutting between the 1950s and the 1990s, and good acting to differentiate between present and past. The characters stick to their cultural stereotypes. So Jewish left-wing represented by Alan and Barbara, meets old Boston in Patricia to forge an uneasy trio summoned before the Committee for Un-American

Activities in 1962.

Most creeds are right in what they affirm and wrong in what they deny. The Truman doctrine in the 1940s and McCarthyism in the 1950s failed to account for the changing state of things in Europe. The position for anti-fascists in the 1930s was untenable to be anti-communist as well as to give succour to Hitler by attacking Stalin. But *Maybe*

Although Redgrave is not at her best in this difficult part, her acting is so strong that she draws fine performances from Robertson and Bennett. She argues so well on stage, twitting at a cardigan, tugging at the hair, that those opposite her, including Melanie Thaw as an errant daughter, respond to the strength and energy. Robertson and Bennett move easily into the flashback scenes, reeling back the years.

Braham Murray's direction differentiates nicely between times, but leaves the actors looking uncertain over detail and props. Rehearsal should cure that. The patrician interior set blends Bostonian plainness and grandeur such that the drawing room easily transforms to the committee room. But Senator Joseph McCarthy, even in one of the drinking bouts which eventually killed him in 1957, could not have imagined the dissolution of the Soviet Union so quickly. History makes fools of us all.

What emerges from the tangle on stage is part political history and part psychotherapy. James/Alan figures out who he is in writing the biography; Barbara confesses that she named names at the Committee hearing; and Lynn/Pat-

ricia unites the traumas of the past with the demands of the present. But the dialogue lacks subtlety: "Were you really a communist in the 30s?" "Who wasn't, in those days?" The programme records the idea to writer Michael Shatrov and adapter Keith Reddin. It makes a good vehicle for the parts which give scope to her talent.

never shows, even in its fine trial scene, just what was at stake during that period. After all, 40 years ago, Julius and Ethel Rosenberg were executed at Sing Sing, New York, for passing atomic secrets to the Soviet Union, then indirectly at war with the US in Korea.

Andrew St George on a sporadically good drama which has to find its focus

Screen/Christopher Dunkley

**A compelling Prize**

**I**T IS one thing to write a best-selling book called *The Prize: The Epic Quest For Oil, Money and Power* detailing the personalities, history and geopolitics of the world's largest industry, as Daniel Yergin did last year (it won a Pulitzer prize) and quite another to turn such a book into eight hours of gripping television documentary.

The power of a book lies in its words, and the supply of words is free and limitless. Television has to have pictures and those pictures can prove hard to find when the story begins as long ago as the 1850s and extends into such crevices of history as the Japanese scheme to produce aviation fuel from pine roots, or Marcus Samuel's ability to run 14 oil tankers out of an office with two clerks, and a small map of the world. Yet somehow *The Prize*, which begins on BBC2 at 8pm tomorrow evening, manages to put it all on screen.

Not that there is anything particularly unusual about the technique which, even today, is probably best exemplified by the Thames Television series *The World At War* extracts

from archives, supplemented by still photographs, are combined with new interviews from people with long memories, and in the case of *The Prize* frequent up-summings from Yergin. Then the parts are sewn together with a powerful spoken script. The American version, which was available for preview, is narrated by the admirably unintrusive Donald Sutherland, but on BBC2 the job will be done by actor Andrew Sachs - one of the best in the business.

From a British point of view, what seems a little worrying is that this is a form where Britain once excelled, but *The World At War* appeared 20 years ago and, although we have subsequently had excellent series from Peter Pagament and Brian Lapping (*All Our Working Lives* and *End Of Empire*), they were made in 1984 and 1985. The Americans, however,

appear to be on a roll. Not so long ago America's tiny public service broadcasting outfit, PBS, produced *The Civil War*, a magnificent example of the classical documentary, and now have they with *The Prize*. British programme makers must look to their laurels.

The series begins with the discovery that "rock oil" could supply cheaper fuel for oil lamps than whale oil, and proceeds via the history of Standard Oil, Royal Dutch, Shell and BP to the two world wars, the rise of the motor car, the Middle East wars and the development of OPEC. It ends by looking to the future, when environmental considerations may become even more powerful than the multinational oil companies.

There are moments when you are reminded of school programmes, and times when more information

would be welcome, but they are rare. Most of the time this series is as engrossing as *Dallas*.

Produced by William Cran, it uses a different director for each of the eight programmes, which are broadly chronological, and each is - pleasantly - slightly different in form. Tomorrow's opening episode is built around two fascinating people: John D. Rockefeller, one of those ruthless Christians who would do anything, often destroying people's livelihoods, in order to make money, much of which he then gave to charity; and Ida Tarbell, whose father was one of those damaged by Rockefeller and who became one of America's earliest investigative journalists, writing the articles which eventually smashed Rockefeller's Standard Oil to pieces.

Larger-than-life individuals are also at the centre of next week's epi-

sode, but the structure is necessarily different because more people have become involved. There are the Nobel brothers, known to most of us for dynamite and prizes, who developed the Russian oil industry; Marcus Samuel, Lord Mayor of London, whose family firm imported shells to make boxes for Victorian ladies and who named the world's first tanker fleet "Coville", "Murex" and so on, and the Shell company itself; Henri Deterding, whose Royal Dutch company combined with Shell; and Winston Churchill, who set in train a momentous sequence of events when, as First Lord of the Admiralty, he persuaded the British government to buy 51 per cent of Anglo-Persian, later BP.

When you think about it there is no other product, not coal, nor steel, nor cotton, and no other business, not even the food industry, which has had such profound and universal effects on life on this planet as has oil. That alone does not make a good documentary series, of course, but since *The Prize* happens to be an outstanding piece of work it does make for compelling viewing.

Radio

**Lady Chatterley's trial**

**O**N MONDAY, to go with the television add-on *Lady Chatterley*, Radio 4 repeated the transcript of the trial of Penguin Books for publishing the book. It was alleged to be liable to "deprave and corrupt". The script was compiled by Jack Emery, presented by Helena Kennedy and directed by John Theocaris; the legal and literary experts were played by actors. The verdict of Not Guilty was momentous; but the trial seems less interesting today than it did then.

It was a simple case. For the defence, Gerald Gurney QC (Frederick "Freddie" Trowers) called nearly 20 witnesses who between them agreed that the book was of literary merit and profound social advantage. Words like "sacred" and "holy" were used. No subtleties arose about the value of the different manuscript versions, now being discussed in connection with television.

For the prosecution, Mervyn Griffith-Jones QC (John Shrapnell) called no witnesses at all.

simply drawing attention to the passages describing what he reckoned was indecent behaviour. The jury, nine mature men and three mature women, found that Penguin had committed no offence.

Sunday evening brought another repeat on Radio 4, Paul Schlesinger's *Falstaff* - *A Voyage Round His Belly*, last heard on Christmas Day, when we were possibly busy watching something less intellectual. It is not a voyage of discovery, only of appreciation. Everyone taking part knows

*Falstaff* like a neighbour and has only to point out some specific quality. It was grand to hear some of the lines spoken by Donald Sinden, who has not, so far, played it on stage; his encomium on "good Sherris sack" sent me straight to the pub.

*Falstaff* can take on various guises - the ambitious courtier, the useless braggart and dishonest soldier, the old man in shallow's garden, rejected suitor, the helpless invalid we hear of but do not see. He is no clown, simply the spirit of fun.

yet always consistent - even in Boito's lines for Verdi. I suspect he is the most immortal of all Shakespeare's people, more universal than Hamlet, even. That wise old critic Kenneth Tynan specified one attribute - always he was "first a gentleman." A most enjoyable programme.

The Sunday Play on Radio 3 was Michael Wright's *Mrs Klein*, with three characters, all women psychiatrists - Melanie Klein (Sarah Kestelman), her daughter Melita (Juliet Stevenson), and Paula

(Deborah Findlay). Melanie's stand-in. They all have dreams, and are as ready to talk about these as the real events of their lives. Melanie's son, Hans, has been killed climbing, perhaps intentionally. There is much mutual dispute and earnest psychobabble. Even with such able playing, I could not arouse much interest. The author directed.

"You smell, madam," said the precise Dr Johnson, "I stink." Radio 4's *The Joy of Smelling* (Wednesday, first of three) told us how the lady might stink - of lavender for example, but also how we should smell her. Tiny particles carry different scents; they are of varying size and shape, and are absorbed only where

they fit, so separating the assorted niffs. Naturally, we end up with a special part of the brain.

Michael Collie and Dr George Dodd, who told us all this, had other, less pleasing, things to say. We smell - I mean stink - of what we eat, which for the average Brit means meaty, cheesy, sweaty odours that other peoples, with different diets, may find horrid - although they will no doubt have problems of their own.

Dealers in such items as tea, coffee and especially wine, must keep their smelling keen, and can practise in places such as the London Underground. We shall never know, unless someone tells us, if we have had breath; the brain gets used to it.

While we are on the senses, on Monday Radio 4 will give us *Questions of Taste*, but this is not scientific, just a culinary quiz.

B A Young

**A rave for wrinklies**

**G**LASTONBURY demands a strong constitution. Three days at the Festival and the holes in the ground and claustrophobic cubicles that pass as toilet facilities are filling fast. Then there is the litter by Saturday you have to breast-stroke through the rubbish on the 400-acre site. You can never win with the weather, either. Ten minutes of rain and the place turns into a swamp. If it is sunny, 15-mile queues form at sandpiles and you can hear the flesh sizzling - as you could this year.

And when it is all over, and you are sitting in your vehicle for an hour waiting to get out of the car park, wondering if any household solvent will get the grunge off your body, your last thought is that you will never go back. But summer passes, autumn turns to winter, and you find yourself asking when the festival is on again.

For Glastonbury is not just a rock or pop festival. It is not populated solely by unemployed teenagers, drug addicts, hippies, "New Age" travellers or students. Parents with babies and small children were much in abundance this year. There were plenty of oldies - by any criterion - too.

If you want to come and just

listen to pop bands playing on the main stage - modelled on Cairo's Great Pyramid of Cheops - then that is one option. But hundreds, indeed thousands, of other attractions compete. There are jazz, acoustic and world music stages. There is a circus field. Outdoor and indoor cinemas play the latest releases. A theatre field has a crop of stand-up comics, puppet shows and mime artists. There are the "Green" fields as a focus for healing, tranquility and the mystical fringes of life. And then there are stalls selling hamburgers, festival T-shirts, Tibetan hats, three-course meals served on white linen...

The increasing average age of the festival-goer is catered for by a host of less tiring, or less noisy, activities. Even on the main stage the acts are getting older. Almost first off on the first day was the 63-year-old Australian Rolf Harris - who acknowledged that the crowd were laughing as much at him as with him. Also well on the way to complimentary public transport were The Kinks, The Velvet Underground, Van Morrison, Donovan and Robert Plant.

This might be a reflection that Glastonbury is Europe's largest, and probably oldest festival. There have been 14

such gatherings since the first in 1970 - and apart from 1991, one every year since 1979. It is clear that some of the earliest visitors are returning with their brood. Of course you may think that most of the performers, traders and mystics are a match for the rubbish around you. But you keep being reminded that there are many ways to make a living - and those of whom you disapprove will happily show you what makes them tick. That is what makes the festival special. So many people come with such varied aims that the average tripper, with steady job and mortgage, cannot fail to be enthralled.

Some 80,000 tickets at £58 were sold. Add to that the traders, gatecrashers, freeloaders and security staff and a total attendance of at least 100,000 is reached. From that almost 200 arrests were made, of which the police say most were drug-related. But, as Chief Inspector Barry Williams points out: "100,000 people compares with the size of a small town." To the security guards, the festival is just another day at work, just another concert. But one hundred thousand burned and burnt-out fun seekers think that it is very, very special.

Adrian Michaels

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ONCE UPON a time people read newspapers in order to read news. They wanted to find out what had happened in the world the day before.

Now people read newspapers to find out what will happen tomorrow, and, in particular, what will happen to them. The astrologer has become the most successful writer in newspaper and magazine publishing, outstripping in both pay and popularity even the most esteemed journalist.

Then there are those who tell readers not what will happen to them, but what they should do, to make the right things happen. These are the agony aunts, scarcely less popular than the astrologers, and scarcely less tendentious.

Perhaps the most famous is

## Future belongs to astrologers

"Dear Abby", syndicated worldwide to inform Asia and Africa of what middle-aged female America thinks is the correct way to eat at table. The great masses of these continents seem to take all this very seriously: they have an inkling that the US is the world's dominant culture, and therefore worth respect, if not imitation.

We, however, do not import the East's astrology and agony columns, which is a great pity. They are far more entertaining than their western counterparts. One of my favourites is Dr Paisari, whose "Thai astrology" column appears just underneath "Dear Abby" in the Bangkok Sunday Post. Dr Paisari is wonderfully clear in his

answers to the most difficult questions, in sharp contrast to the wishy-washy generalisations of his western rivals. In a recent issue, one of his female correspondents (they usually are female) wrote "I wish for you to predict when I will meet my life partner and have my own business. I was born in Bangkok on July 18th 1965, at 3.25 am."

Dr Paisari had all the facts at his fingertips. "Dear Madam: Against all the odds you cannot initiate any business of your own. It's only your wishful thinking. However, you will regularly get a very high salary until your retirement. Don't try to change it, except after you marry... Your life partner will be a widower many years your senior.

He will be a smart-looking well-off man, who will always try to please you. He may have two children from his previous marriage. You will have a chance to meet him this October or by January at the latest. You will develop your super-romantic love very fast and get married next year."

To a correspondent, writing from India with the simple request: "Could you please tell me about my future in general?" Dr Paisari responds: "As for your personal life, you will barely have the freedom to choose your own spouse. You will get married with the one selected by your parents. You will change your residence next year and rarely will you stay in your

home town. You can settle down between 1996 and 1997 but you are unlikely to have many children."

"Dear Abby" and the other US agony aunts seem on the face of it to come from a much saner world. On the same day as the items I quote from Dr Paisari Dear Abby published a letter from "Colorado mother", who wrote that: "Yesterday my four year old daughter took a nasty spill and hit her face on our coffee table. She now has a black eye and a terrible bruise. This morning, out of fear of being accused of child abuse, I cancelled the time I had reserved for her at the day care centre. I really had nothing to hide, but these days all it takes is a whisper, a rumour and

the child welfare people will be calling on you and asking a lot of questions. It is getting like the Salem witch hunts all over again."

Dear Abby replied that "Colorado mother" should have taken her child to school, adding the rather sinister proviso "if, as you explained, the child fell... and you had nothing to hide." I imagine that most western readers would find Dear Abby reassuringly normal after the bleak lives and primitive assurances of Doctor Paisari. But it seems to me that the middle America conjured up by Abby and her neurotic correspondents is a crazier place by far. The East might still have arranged marriages, but it has avoided the witch hunts of the West's social workers.

**Dominic Lawson**

■ Dominic Lawson is Editor of The Spectator.

## Rights for apes

Michael Thompson-Noel



THERE IS A book that I think you ought to read, called *The Great Ape Project: Evolving Human Rights*. It is an important book for there is a chance that if enough of us read it, and do something about it, good will come of it - perhaps so much good that we will be able to ameliorate the predicament of our own species by helping others.

Our closest relatives are chimpanzees. To put it another way, says Jared Diamond, professor of physiology at the University of California, chimpanzees' closest relatives are not gorillas but humans. The genetic difference - 1.6 per cent - separating us from pygmy or common chimps is barely double that separating pygmies from common chimpanzees. For example, their brains are about the same size, their vocalisations are similar, and they have the same social structure.

Despite our genetic closeness to the other great apes, we treat them badly. Hence this book, in which writers - scientists, philosophers, lawyers, a psychologist - anticipate a new stage in human development: a reassessment of the moral status of chimps, gorillas and orang-utans and the acceptance of some non-human animals as persons.

The authors want a declaration on great apes that welcomes them as a "community of equals" and gives them various rights, enforceable at law, including the right to life, protection of liberty and the prohibition of torture.

At present, says the declaration, only some humans are regarded as members of this community. But there is now no remaining moral or ethical argument against extending it. "History shows us," the declaration maintains, "that there has always been, within our own species, that saving factor: a squad of determined people willing to overcome the selfishness of their own group in order to advance another's cause."

I was so uplifted by *The Great Ape Project* that I scuttled round to London Zoo to talk to one of the chimps, funnily enough named Michael.

With a bit of luck, I said, you will be out of here quite soon. There is a groundswell of opinion among intelligent humans that holds that our treatment of the great apes is similar to the way in which normally compassionate people once condoned human slavery.

Jane Goodall, an expert on chimps, says that evidence for sophisticated mental performances by apes has become ever more convincing. I continued. They can solve simple problems with reasoning and insight. Can plan for the immediate future. Experiments have demonstrated their powers of generalisation, abstraction and concept-forming. They can use abstract symbols to communicate. And they have some kind of self-concept.

The thing is, Michael, that the line dividing man from beast, "us" from "them," has become blurred and disreputable. We are all in this together. I know we are shutting to oblivion on a pint-sized planet. But there is still time for humans to make amends - to acknowledge your rights and protect you from harm.

Michael snorted. He said: What makes you think we want to have anything more to do with you than the absolute minimum? Your species is a disgrace. You are wrecking yourselves and the planet.

I said: I suppose you mean our wars and nuclear armament and population growth? Or even the little things, our pornography and hard drugs? Our amazingly short-fused tempers?

That is only the start of it, said Michael. Apart from your ugliness and cruelty there is all the rest: John Major, John Smith, your silly political squabbles, prices at Sainsbury's, music critics, *News At Ten*, your obsession with stupid ball games, blithering Virginia Wade, Thomas Water - the depthless banality of so many of your entertainers.

I said: Give us a break, Michael. We are still a young species. The last common female ancestor of all living humans probably lived 150,000 years ago. We are only 5,000 human generations old. This may explain our defensiveness: our insistence on "them" and "us." And we are not all bad.

I don't want to hear about the Sistine Chapel, growled Michael.

I don't mean that, I said. I mean that in most places we have at least stamped out slavery, the exhibiting of deformed humans in circuses and public hangings. We are trying to improve ourselves.

Michael turned away in disgust. He said: Tell that to the giraffes. They are suckers for happy endings.

■ *The Great Ape Project*, edited by Paola Cavalieri and Peter Singer. Fourth Estate, £9.95.

Private View/Christian Tyler

## Sprightly oracle of a decadent century



of an Unknown Indian, a beautifully-written compound of lyrical descriptiveness and historical analysis, "to the memory of the British Empire in India."

He lived in Calcutta until 1942, then Delhi, and settled in England at the age of 73 to ruminate on the decadence of both India and its imperial masters and what he calls the disaster of Indian independence. The result was the quasi-autobiographical *Thy Hand, Great Anarch!*, completed in his 90th year.

"I am a dedicated imperialist", he

explained. "I did not get my idea of imperialism from that exploded intellectual creature of hatred, Karl Marx. I got it from the Roman Empire."

Chaudhuri's theme is the cycle of civilisations in which mankind ascends to the divine or sinks lower than the beasts. I remarked that Tolstoy had found intellectual comfort in the simple faith of peasants. Chaudhuri snorted.

"They don't understand. They are like animals. I have never been an egalitarian. I believe mankind will become so different in 1000 or 500 years that he will not be recognisable

as the same animal. "Zoological speculation may have ceased but mental speculation will continue. Why is it that when Bengalis come I understand them but they don't understand me? They are on a lower plane as a mental species. I admit an affinity with the dog. I admit an affinity even with a bird or an earthworm. So we never have the right to look down on anybody who is not grown to our point. But I have evolved mentally where others may not have evolved."

Foreign aid was a waste of time, gone, economic spirit is gone, industrial superiority is gone. Can these disappear without mental decadence? There is nothing wrong."

Nothing wrong with decadence? "Nothing wrong. It's ageing. Now look here. This is fundamental to my thinking. Just as a man grows old, reaches the full majority of his power, then ages, so do nations. If you do not accept that then we shall never agree."

With that the old man whipped out his false teeth and held them grinning up to my face. "There's nothing to be ashamed of, nothing discreditable," he mumbled. He replaced the denture. "It is the law of nature. Nobody can escape it. But there is a difference, as the Romans said, between perishing in your house full of years and honours and perishing of syphilis in a brothel." He repeated the last phrase with relish.

I asked for other symptoms of Western decadence. "Physical energy has gone and the vitality which expresses itself in *jote de vivre*. Pleasure is not happiness."

What about art?

"Art is non-existent. Must?"

"Creation is non-existent, enjoyment remains. I formerly never fell below Schubert. Now I have come down even to Elgar. But in painting I don't acknowledge anybody to be a painter after Cezanne. Architecture disappeared. Artistic life is no longer: it's all fraud."

The obvious riposte, I said, is that you are an old man who won't accept modern aesthetic values.

**Bengali writer Nirad Chaudhuri looks back on 95 years of a full and controversial life and explains why he thinks the West is going rotten**

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"They don't understand. They are like animals. I have never been an egalitarian. I believe mankind will become so different in 1000 or 500 years that he will not be recognisable

as the same animal. He told a former British High Commissioner that no amount of money could turn chimpanzees into English gentlemen. "All collateral lines are dead lines while the European tip remains living. But it is causing me real pain that what I call the living tip seems to be withering."

What is the evidence for that? "Simply, even the conception of physical love has disappeared. Taste in food has disappeared."

You mean sexual behaviour is immoral? "I don't mean moral or immoral. I say it's become crude. Empire is

As they say in Europe/James Morgan

## The soft soap of capitalism

THE OTHER day I went to a fascinating meeting (sorry about the oxymoron) which discussed the first half year of the "Marshall Plan of the Mind". The MPM was the idea of my ex-boss, John Tusa, and has been partly supported by an imaginative grant from the Foreign Office. It employs the talents of some of my colleagues who try to spread information about the free market, capitalism, business et al to Russia, wars and all.

They make programmes in Russian for Radio Russia. These include *How Business Works*, another *How Business Works*, and a third is the *Free Market Society*. The fourth is a radio soap opera, *House No 7*. The audiences run into millions. *House No 7* is a particular success but also produces cultural clashes for there is no tradition of radio soap in Russia. There is no tradition of discussing business problems: "Intellectuals" hate the very word "business". There is no tradition that deals with

worldly matters, except socialist realism. Yet socialist realism had to be destroyed before *House No 7* could be constructed - heroic tractor drivers' platitudes and stage villains are not the stuff of soap.

So getting nine Russian scriptwriters to make the residents of *House No 7* talk about trade has been a problem. They work under the direction of a young Englishwoman who once helped keep *The Archers*, Britain's most popular radio soap, down on the farm handing out information about how to grow things. The similarities between daily reality as portrayed in *The Archers* and that of *House No 7* are limited. A profile of one of the characters runs: "Dima's latest idea

is to sell gas-guns... Dima has heard that some of the guns are defective and that users have been injured. He decides to monitor carefully who he is selling to. Dima is offered a consignment of ladies' underwear..."

Thus we are introduced to a character my colleagues in business journalism would call a "gas-gun-to-panties conglomerate". Dima has been left facing the choice of whether to move into narcotics.

This illuminates a solution to a basic problem that underlies the relationship between the British producer and the Russian actors and writers. The Russians have mastered the production requirements of radio soap, but they struggle to leave listeners on the edge of their seats.

So not only has the producer to push her team into thinking about business, she also has to demand, when listening to a story outline, "A potom?" ("And then?"). It is here one sees the clash of the pre-capitalist East and the post-modern West in microcosm.

The problem is *A potom?* what will happen next, but it is an Anglo-Saxon problem. In Russia everybody knows what will happen next. Disaster will strike. Oblomov will go back to sleep, Raskolnikov back to prison. And, where themes might peripherally concern business problems, they merely highlight the inevitable doom: the

cherry orchard will not be cut down by its owners, the Ranyevsky family will be evicted as a result. The tension that exists in Russian culture focuses on when, not if, the hero-as-victim is next going to get it in the neck. This partly reflects the language the construction of Russian verbs concentrates on the when and the how, rather than the what, of actions and events.

When I returned to my office after the meeting I switched on the little television by the desk, zapped to the Russian first channel and there was an episode of the fabulously popular Mexican soap, *The Rich Also Weep*. One could see why the Russians like it: there were a lot of rich people getting it in the neck as their

individual personalities led them to their preordained rendezvous with destiny. (Latin Americans and Russians have more in common than one might think). The evocation of wealth was enchanting: huge chandeliers in dining rooms built to small studio scale, copious supplies of colourful tableware, deep nylon-tufted carpets, pink front doors and Louis XV telephones.

*House No 7* has been able to popularise the daunting reality of Russian everyday life without succumbing to the traditional sense of the futility. A virtue of all these programmes is that they provide a comprehensive manual of contemporary Russian life. As the British presenter of *How Business Works* remarks of the crazy diversification programme developed by one entrepreneur, "Mr. Alekshin laughed in agreement when I said this was economic madness." Chekhov is still writing the scripts.

■ James Morgan is economics correspondent of the BBC World Service.

Handwritten note in Arabic script: "هذا امر لا بد منه"